

COMPETENCE AND INDEPENDENCE INFLUENCE ON AUDITOR SPIRITUALITY AND AUDIT QUALITY

(An Empirical Study on Regional Inspectorate in Southeast Sulawesi Province)

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Abstract—This research aims to: (1). Review and analyze auditor competence influence on audit quality, (2) auditor independence auditor influence on auditor quality, (3) competence influence on auditor spirituality, (4) independence influence on auditor spirituality, and (5) review and analyze auditor spirituality influence on audit quality. These research populations are all APIP in Regional Inspectorate distributed in Provinces / regencies or cities in Southeast Sulawesi Province, having Auditor Functional Position (JFA), Supervisor of Regional Government Affairs Organization and structural positions as Assisted Inspector. There are 118 people as overall number of APIP in Southeast Sulawesi, distributed in 10 Inspectorate Offices in Regency Government, 2 Inspectorate Offices in City Government, and 1 Inspectorate in Provincial Government of Southeast Sulawesi. Results of the research state that : (1). Auditor competence influences positively and significantly on audit quality. This indicates that higher auditor competence leads to better audit quality. (2) Auditor independence auditor influences positively and significantly on auditor quality, (3) Competence influences positively and significantly on auditor spirituality, (4) auditor independence influences positively and significantly on auditor spirituality; higher auditor independence leads to better auditor spirituality, and (5) auditor spirituality influences positively and significantly on audit quality. Higher auditor spirituality leads to better audit quality.

Index Terms—Competence, Independence, Auditor Spirituality, Audit Quality

1 INTRODUCTION

New orde government faced collapse in 1997 as a consequence of economic crisis. This influences on weakening rupiah exchange rate on US dollar, increasingly depressed investment climate, economic inequality, monopoly of economic sources by certain groups, conglomeration, and increasingly rate of poverty. Such conditions cause decreasing people legitimation to the government leading to uncertain political condition in the country, decreasing public trust to legislative, as well as weakening law enforcement. People require reformation in all fields in order to realize good governance to realize accountability, transparency and participation on development implementation.

Low level of government accountability is indicated by high level of corruption, budget leak, low level of work unit performance, ineffective functional supervision, as well as low financial accountability. To create qualify financial accountability, it is necessary for supports from effective supervision. This is necessary to create financial accountability based on legislative regulation containing no material errors.

Main tasks of Government Intern Supervision Apparatus (APIP) include audit, review, evaluation, other monitoring and supervision activity, including : (1) examination and assessment on quality of control on financial and non financial accounting, (2) examination on the level of policy implementa-

tion, plan and predetermined procedure, (3) examination on the level of organizational asset accountability and maintenance from various types of loss forms, (4) examination on other bookkeeping and data carefulness created by company, and (5) assessment on work achievement of official or executor in carrying out any given responsibilities.

The examination by APIP faces constraints in its implementation because of there is a sense of family, togetherness and human consideration that is always put forward. Another problem faced is how to improve the attitude or behavior of the supervisory apparatus ability in carrying out the examination, so that the applied supervision can be effective and efficient. (Sukriah, 2009). The community hopes APIP in carrying out its duties and functions as a supervisory apparatus based on the applicable professional code of ethics.

The Regional Inspectorate has a moral burden because it is under the control of regional head. When supervision is under the control of regional head, supervision performance of local governments will never be considered objective. This is evidenced by many findings on BPK examination results in each SKPD which reflects weak internal supervision of Regional Inspectorate. The Regional Government in recruiting auditors should not override quality, competence, technical education, relevance of educational background, and adequate experi-

ence.

This is to prevent public opinion stating that auditor merely look for functional incentive and or remuneration, protecting regional government from any violation of budget use, and indicated political auditor emotional closeness with the government. Therefore, Regent/ Governors / Regents / Mayors in determining auditors must consider competencies based on adequate educational background and technical experience, even though it is the prerogative right of the Governor / Regent / Mayor.

Impact of the policy tends to weaken the Regional Inspectorate institution in carrying out its duties and functions as an independent, strong and trusted APIP. This is in line with the opinion by A. Gul (2007) stating that auditor independence will fade in conflict situations, and there will be increasingly acute conflict situation when auditee intervenes in the audit process which can influence on audit quality. APIP independence faces a dilemma in revealing a finding, because in carrying out its function as an auditor, it is under the control of the Governor / Regent / Mayor as the head of government in the area. This is because the auditor on one hand prioritize attitude of independence, but on another hand must submit and obey the Governor / Regent / Mayor as the head of government.

Structurally auditors under the Governor / Regent / Mayor, must submit to integrity facts, so they must submit and obey policy makers. This has been stated by DeAngelo (1981) in his research stating that auditors in carrying out their professional duties face two dilemmas, namely how to look for findings (competence) and the courage to uncover findings (independence). Siegel and Marconi (1989) in their research suggested that auditors should be free of any personality factors in carrying out audits. Personality will be able to cause audit failures as well as impose high risks for the auditor.

Empirically, auditors are considered have no ability to disclose and report a finding without any spirituality values in upholding profession ethic code. Auditors are expected to be consistent in upholding profession values, norms and ethics as a part of spirituality which actually has been in human brain and called as god spot. Profession ethic must be upheld by auditors and free of value so that it can be applied consistently. This is based on positivism seeing anything based on rationality and not normative.

Accounting science follows positivism concept so basically, auditors are also followers of positivism concept that are free of values. However, in running its professional duties, auditors are also human as social creatures with spirituality value. Auditors in running their functions and tasks are required not only to obey positive righteousness value but also righteousness value based on any applicable norms and rules. All humans including auditors basically has a god spot in their life, but it is not enough without completed with spirituality value. This research originality is to build audit quality model standing on the findings by DeAngelo et al. (1981) by inputting spirituality as the variable that can influence on audit quality.

Based on the above description, it can formulate the following research purposes; (1). To review and analyze auditor competence influence on audit quality, (2) auditor independ-

ence auditor influence on auditor quality, (3) competence influence on auditor spirituality, (4) independence influence on auditor spirituality, and (5) review and analyze auditor spirituality influence on audit quality

2 LITERATURE STUDY

2.1 Auditor Competence

Ashton (1991) stated that specific knowledge and working experiences duration are important factors to improve competence. Competence is not only about experiences, but it is also required other consideration in good decision making since basically human has a number of other elements beyond experience. Meanwhile, Susanto (2000) described competence as individual basic characteristics to achieve excellent performance. Competence includes knowledge, skills and abilities related to works and necessary abilities for non-routine works.

Lasmahadi (2002) defines competencies as personal attributes of workers that enable them to achieve superior quality. These personal attributes include nature, motive, value system, attitude, knowledge, review, experience and skills. Competence will direct behavior, while behavior will produce work quality. Further explanation show that not all personal attributes of a worker are competencies. Only personal attributes encouraging achieving superior performance are considered as competence.

Knowledge as an indicator of auditor competence refers to Libby and Frederick et al. (1990) that knowledge is one of the determinants of very useful technical competence and knowledge in audited structured tasks. Meanwhile, Libby and Frederick et al. (1990) also suggests that knowledge is important information kept in memory for auditors.

2.2 Auditor Independence

Auditor in carrying out its professional responsibilities faces pressing and or conflict from its examined entity management, also from various levels of government positions, and other parties that can influence auditor objectivity and independence. In facing the pressing or conflict, auditors should be professional, objective, based on facts, and not stand in any side. Tubb *et al.* (1992) said that experienced auditor will have superiority in: 1) detecting mistakes, 2) understanding mistakes accurately, and 3) looking for causes of mistakes. Auditor independence has causal relation with audit quality, meaning auditor quality is influenced by auditor independence. Better auditor independence leads to higher auditor quality.

Christiawan (2003) stated that independence is an act of either auditor attitude or mental attitude throughout the audit process, in which an auditor must be able to position himself to be impartial from any parties concerned with the audit results. The independence as regulated in auditor's Professional Code of Ethics requires every practitioner to be independent in the appearance and independence in fact. Independence in appearance is a mental attitude that allows a statement of appearance is not influenced by any things that can interfere with professional judgment, which allows an individual to have integrity and act objectively, and apply professional scepticism

2.3 Auditor Spirituality

Marques et al. (2007) defined spirituality as an interconnectedness experience for any parties involving in the work process ranging from authenticity, reciprocity, and personal goodwill, which is caused by a sense of deep and inherent meaningfulness in the organization (Marques, et al. 2007). Spirituality is related to employees who see themselves as spiritual beings who need caregivers in workplace, who have sense of purpose and meaning in the work, and a sense of connectedness with each other, and a sense of commitment in workplace (Mitroff and Denton et al. 1999; Ashmos and Duchon et al. 2000)

2.4 Audit Quality

To define any variables giving influences on audit quality, this research uses audit quality definition expressed by DeAngelo et al. (1981). Audit quality is not directly observable and measurable accurately. Referring to the audit quality definition expressed by DeAngelo et al. (1981), in this research, audit quality is measured from two indicators, namely finding probability and bravery in disclosing a finding so that it can have implication to auditor reputation.

Audit quality is defined as combined probability of auditor's ability to find violations in a client's financial statements, and report the violation (DeAngelo et al. 1981). Audit quality is a difficult thing to observe, so in any research on audit quality, there are more use of auditor measurement as a proxy of audit quality (Lawrence, 2011; Becker 1998). DeAngelo et al. (1981) states that high-quality audits can act as deterrents for management in fraud, because management's reputation and organizational value will decline if false reporting is detected and revealed.

3 CONCEPTUAL FRAMEWORK

Audit quality indicator in this research refers to DeAngelo, et al. (1981) stating that audit quality is an auditor combined possibility to find any violations in client accounting system and an ability to report the finding. Ability to find any violations depends on auditor technical ability (competence) and ability to report the violations depends on auditor independence. This is strengthened by Schneider (1984), Margheim (1986), Messier and Schneider (1988) showing that auditor competence and independence influence on audit quality.

Spirituality in this research refers to Zohar and Marshall et al. (2000) stating that spirituality is related to the meaning of inner life and morality value in work. Spirituality reflects indicators including inner life, morality at work, and work communities (Ashmos and Duchon et al. 2000).

Based on the description stated above, the conceptual framework of this research can be seen in Figure 1 as follow:

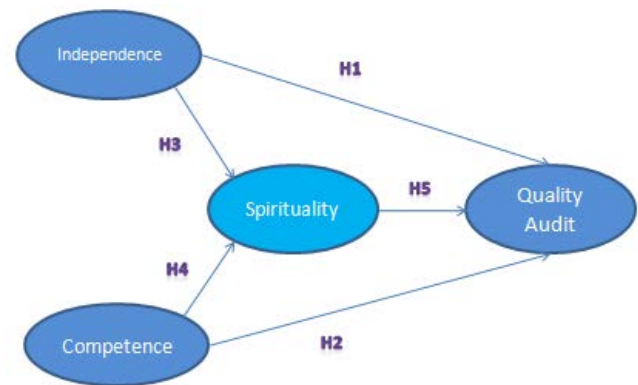


Figure1 :Research Conceptual Framework

Based on the research conceptual framework, to answer research problems, the following hypotheses are made:

- H1 : Higher Auditor Competence will lead to Better Audit Quality
- H2 : Higher Auditor Independence will lead to Better Audit Quality
- H3 : Higher Auditor Competence will lead to Better Audit Spirituality
- H4 : Higher Auditor Independence will lead to Better Audit Spirituality
- H5 : Higher Auditor Spirituality will lead to Better Audit Quality

4 RESEARCH METHOD

This research was carried out in all Regional Inspectorates in Provinces / Regencies / Cities in Southeast Sulawesi Province (Excluding New Autonomous Region or territorial reform), namely East Kolaka Regency, Konawe Island, West Muna, and South Buton. It excludes the territorial reform areas because (1) at the time of data collection, the areas have no definitive government heads (regents), (2) generally, there is yet any SKPD including Regional Inspectorate, (3) there is also yet any auditor staffs, because there is no formal transfer of Civil Servants from Main Regency to newly formed regency, and (4) there is practically yet any applied auditor activity.

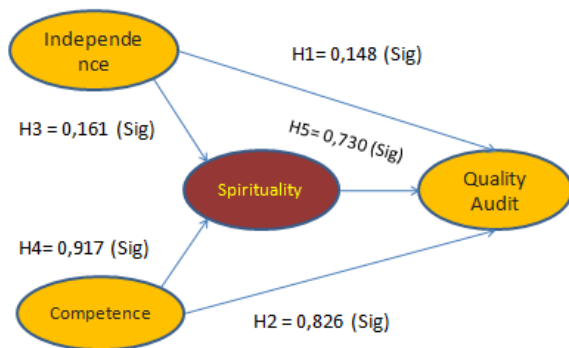
This research populations are all APIPs in the Regional Inspectorates spreading in the Province / Regencies / Cities in Southeast Sulawesi Province, who have Auditor Functional Position (JFA), Supervisor of the Regional Government Affairs Organization (P2UPD), and structural positions as Assistant Inspectors (IRBAN). There are 118 people as overall number of APIP in Southeast Sulawesi, distributed in 10 Inspectorate Offices in Regency Government, 2 Inspectorate Offices in City Government, and 1 Inspectorate in Provincial Government of Southeast Sulawesi. The entire population will be used as the respondents while the sampling criteria (population) as the unit of analysis in this study are (1) having knowledge of accounting standards and auditing standards, (2) having formal education and auditors technical training, (3) having term of service as an auditor for a minimum of 3 years, and (4) having

one of the positions as auditor (JFA, P2UPD) and IRBAN formed by the local government

5 RESEARCH RESULTS AND DISCUSSION

Results of Structural Model Testing (Inner Model)

Inner model (structural model) testing aims to test the research hypotheses using t-test in each path and t-crisis (t-statistics). If referring to results of hypothesis testing, based on the analysis results, it is obtained the following results:



Based on the analysis results on Outer loading results and respondents' perception mean. Outer loading shows that all indicators used in the research have reflected that the research variables have met the criteria above 0,50. In addition, it also indicates dominant indicator from each research variable. Meanwhile, mean shows auditor perception as the respondents to the used indicators in the research.

Discussion Results

5.1 Higher Auditor Competence, Better Audit Quality

Based on results of empirical analysis, it shows that the auditors in Regional Inspectorate in Southeast Sulawesi Province are perceived by high level of auditor competence. It means that higher auditor competence leads to better audit quality. Based on outer loading estimation value, experience indicator is the highest one to reflect competence variable. This is caused by in general auditors have experiences, so it facilitates in understanding problems and detecting any frauds, as well as auditors are often given tasks on the same audit objects and types.

Results of this study strengthen the theoretical concept in the audit proposed by DeAngelo (1991) stating that auditor possibility of dining misstatements depends on auditor quality of competency. The concept is strengthened by Libby and Frederick (1990) stating that experienced auditors have better competency in reporting client finances. The same thing was stated by Bouwman and Bradley (2004) that experience is an important element in the examination, in addition to the knowledge owned by the auditor. Experience can be obtained from work. By doing work, especially for repetitive tasks and routines (such as auditing), auditors can carry out a better job because they have adequate knowledge structures.

Auditors with more audit experiences will potentially find

more errors than auditors with limited experience. Work experience can deepen work ability. More often someone faces the same job, more skilled and quicker to get the job done. Furthermore, more types of work a person does, richer and more extensive his work experience will enable his competence to be superior. Audit experience in several SKPDs in the same object allows auditors to become an expert in the audit process. By understanding general weaknesses, risks and issues, the auditors can be more confident when assessing any evidences submitted by the client. Thus, audit experience can support auditor competence in finding violations in the accounting system in the SKPD.

Results of this study indicate that audit quality increases because auditor has adequate competence and independence, as stated in the SPKN issued by the BPK. The results of this study have strengthened some of the results of previous studies which concluded that competence has a positive and significant effect on the audit quality (Sukriah et al. 2009 and Duff, 2004). The argument supports the quality theory by Crosby (1989) showing the importance of conformance to requirement, namely according to standardized one. A product or service must be done by people who have high skills and good attitudes according to the problems to be solved. The reason by researchers in using this theory is to justify that audit quality can be improved if the auditor has high competence.

Regional Inspectorate in Southeast Sulawesi Province can apply an effort to improve auditor competence through increased educational quality and auditor technical training. This is considered important, since in general, intern auditors in Regional Government in Southeast Sulawesi Province have various educational backgrounds, some are from educational personnel (teachers) and some auditors are mutation from other SKPD which have no basic competence on audit concepts.

5.2. Higher Auditor Independence Leads to Better Audit Quality

Based on the analysis results, direct influence of independence on audit quality has positive and significant path coefficients. The positive path coefficient indicates that there is a direct relationship between independence and audit quality. This means that testing results of the second hypothesis in this study indicate that higher auditor independence leads to better audit quality. The auditors at the Regional Inspectorate in Southeast Sulawesi province face a dilemma when reporting findings that may influence on or not benefit his performance and career. The internal auditor independence will be influenced by the consideration of the extent to which the audit findings will influence on its work continuity as an employee / worker. Such influence can be derived from leadership or personal interests and or from other parties. (Wulandari and Tjahyono, 2011).

Based on results of empirical analysis, it shows that the auditors in Regional Inspectorate in Southeast Sulawesi Province are perceived by high level of auditor independence. It means that higher auditor independence leads to better audit quality. Based on outer loading estimation value, integrity

indicator is the highest one to reflect independence variable. This is caused by in general auditors have honesty and responsibility including (1) does not eliminate any material findings, (2) disclosing findings in accordance with facts, (3) does not justify a finding that violates any law, (4) having ability to accept risks, and (5) upholding the professional code of ethics.

Results of this research are well-adjusted to results of the research by DeAngelo et al. (1981) stating that auditor will possibly have the courage to report a finding, without being influenced by any party. An audit process is not justified in taking sides of anyone, because if the auditor loses his independence, even though having high competence, the auditor will not be able to maintain his opinion freedom. This study supports previous research, including Turner's (1999) research proving that longer auditor maintains a client, the less biased in maintaining objectivity so that, it will be more likely to have undetected errors in the audit report. This can occur because of the auditor's partisanship with management.

The theory supporting this research is attitude and behavior theory developed by Triandis (1971) which is considered to explain auditor independence. This theory states that behavior is determined for what people want to do (attitude), what they think they will do (social rules), what they can do (habits) and the consequences of the behavior they think. The reason for the researchers to use this theory is to justify that audit quality can be improved, if auditor has high independence when performing an audit.

There are some efforts to improve auditor independence, namely (1) avoiding interference from certain parties that can influence of auditor integrity, (2) periodically rolling objects and audit locations for the auditor, (3) trying to apply SPKN and professional code of ethics consistently, and (4) imposing sanctions on auditors that violate the auditor's professional standards and code of ethics. In addition, (5) improving functional education and training in the field of sustainable supervision, (6) reducing interventions and influence of policy makers, familial relationships / kinship, and friendship with SKPD, (7) upholding the code of ethics as an integral part of the audit standard correctly and consistently, so that there are no cases of misconduct, (8) creating a conducive work environment and (9) reducing mutations and providing incentive programs for any outstanding employees.

5.3. Higher Competence Leads to Better Audit Spirituality

Based on the analysis results, direct influence of competence on audit spirituality has positive and significant path coefficients. The positive path coefficient indicates that there is a direct relationship between competence and audit spirituality. This means that testing results of the third hypothesis in this study indicate that higher auditor competence leads to better audit spirituality. So, auditor quality in the Regional Inspectorate in Southeast Sulawesi Province is considered to be good by increased auditor competence and spirituality.

In performing any audit, any auditors are obliged to refer to any established profession standards and codes of ethics of the profession. These provisions are binding on auditors and free of value because they contain values, morals and ethics. In this regard, auditors are also obliged to provide an assessment

as it is concerning the findings based on the professional standards and code of ethics, without any pressure from various parties. This is well-adjusted to the positivism flow stating that science is the only source of true knowledge and rejects activities related to metaphysics. It has no speculation, all of which are based on empirical data in order to draw logical conclusions. Positivism is a thought based on observations and empirical data, so that it is considered logical and rational. This positivism believes that all knowledge includes accounting based on logic and facts.

Related to auditors, the concept of positivism contains spirituality meaning and value, especially in upholding the professional code of ethics as an auditor. All humans, including auditors, have god spots, which brain has a center of spirituality with ability to control auditors in upholding values, morals, and professional ethics. Spiritual values owned by auditors have a role as a catalyst to prevent violations on the code of ethics and professions. It is necessary for any auditors to behave based on a code of ethics. Auditors have an obligation to maintain the standards of ethical behavior as auditors. Professional code of ethics is the principles as the professional foundation and as the basis for forming public trust, so that it is expected to produce good public quality.

Based on the above description, it can be interpreted that spirituality plays an important role so that it is necessary for the auditor, especially in maintaining integrity based on capacity, so that it can uphold the values, norms and ethics to obtain public credibility. There are any efforts to achieve the goals namely; (1) improving auditors' mental training in stages and continuously, (2) imposing sanctions in accordance with the provisions, and (3) applying SPKN correctly and consistently.

The low role of spirituality in this relationship can be caused by auditors who are less upholding the spirituality values, especially those related to audit standards and professional ethics, although in fact the spirituality value has been in the human brain called as the god spot. Competence regulated in the SPKN must be followed, so that it is considered free of value. Auditors must not interpret in other ways about competencies and must submit and obey these provisions, because competence can influence on the audit quality. This concept is based on the positivism concept which does not recognize speculation about any existing phenomenon.

Empirical facts show, though the Regional Inspectorate auditors in Southeast Sulawesi Province have adequate competence, so that in every assignment, they are always based on professional standards and codes of ethics, but auditors are also social beings, so that they can be normative in responding to findings. Thus, auditors is not only required competence, but it also requires spirituality values even though every human being including auditor has a god spot in his brain because in certain conditions auditors' heart and feelings will speak in interpreting the problem.

Results of this study support the agency theory proposed by Jensen and Meckling (1976) stating that there will be conflicts of interest because of different objectives of each party based on their interests in the organization. Auditors who are

trusted as agents try to take very opportunistic actions by prioritizing their personal interests, but harming the community as a trustee (principal). There is a phenomenon in the Regional Inspectorate in Southeast Sulawesi Province namely a finding is yet fully disclosed and reported, not because of auditor low competence, but because of low spiritual values. There is existing paradigm stating that competencies are not the only issue to influence on audit quality, there is also high spirituality values for auditors to have.

Auditors in the Regional Inspectorate in Southeast Sulawesi Province can actually inventory, map and find solutions to any faced problems in their respective regions based on their competencies, especially those related to regional financial management, governance, and local government policy. But, auditors cannot disclose the problems as a finding, because of low level of SPKN and code of ethics implementation for auditors.

There are some efforts to be applied by the Regional Inspectorate in Southeast Sulawesi Province related to auditor spirituality, among others: (1) improving auditors' mental training in stages, (2) imposing sanctions in accordance with the provisions, (3) and implementing SPKN and professional code of ethics consistently.

5.4. Higher Auditor Independence, Better Auditor Spirituality

Increased auditor independence can have implication on improved audit quality. In relation to the auditors spirituality in the Regional Inspectorate in Southeast Sulawesi Province, auditors are faced with a dilemma position because auditors have difficulty in acting fairly, even though they are actually contrary to their conscience. Actually, auditors have always willingness to apply the standards and professional code of ethics consistently, but since they often face interference from various parties, the auditors face difficulty in being independent to report findings in the audit report.

There is a very dilemmatic auditor role and position in upholding independence, because there are any risks faced namely mutation, being a regular staff, restricted audit scope, and decreasing in position from leader of controlling to be a regular team member, while on another hand, auditor's functional allowance is considered sufficient to increase auditor purchasing power. In such constellation, it is difficult to apply the professional code of ethics, except for re-strengthening the role of spiritual values in improving audit quality based on the auditor independence.

Auditor's order as stated above is closely related to the understanding of positivism concept without any speculation, all of which are based on empirical data to logical conclusions. Positivism is a thought based on observations and empirical data, so that it is considered logical and rational. This positivism believes that all knowledge includes accounting based on logic and facts. Auditors must always maintain integrity and objectivity, so they must can be free of conflicts of interest and must not allow any material misstatement or to transfer consideration to other parties. Auditor integrity can lead to audit quality to gain public trust. Therefore, integrity requires auditors in various ways to be honest and forthright.

Results of this study support the attribution theory describing one behavior. This theory refers to how someone explains that his or other behavior is caused by external and internal parties. Basically, auditor personal characteristics are one of the determinants of performed audit quality because it is an internal factor that encourages a person to carry out activities. Personal attributes also include auditor spirituality that can be used to solve a problem, because spirituality works optimally when emotions are calm and controlled by the competency tool.

One of the reasons for the auditors in the Regional Inspectorate in Southeast Sulawesi Province to be not independent is partly because the budget used by the Regional Inspectorate as a SKPD is from the APBD. In addition, all assignments in the programs and activities in the Budget Implementation Document (DPA) must obtain approval from the Governor / Regent / Mayor as the Budget User Proxy (KPA). Thus, the existence of the Regional Inspectorate as an SKPD is institutionally based on the law under the control of the Governor / Regent / Mayor.

Results of this study strengthen the research by Bazerman (1997) stating that in behavioral aspects, it is impossible for auditors to maintain independence because of the limitations of processing information as called as self serving bias, showing that if people are called to make impartial judgments, then, the judgment tends to side with personal interests of judgment maker. Bazerman et al. (1997) cannot interpret information freely because situation perception depends on the role of a person in the situation. Auditor in carrying out his assignment will face a dilemma when having to report findings that might influence or not benefit his performance and career. Internal auditor independence will be influenced by consideration on how the results of the internal audit will influence on work continuity as an employee. In carrying out its duties and obligations, the auditor of the Regional Inspectorate must submit to the code of ethics and audit standards. The code of ethics plays a role to maintain auditors' behavior in carrying out their duties, and audit standards aim to maintain the quality of audit results.

Based on this research, it was found that there is existing paradigm stating that competencies are not the only issue to influence on audit quality, there is also high spirituality values for auditors to have. This is evidenced by many findings of BPK as an external auditor, but cannot be detected by internal auditors in the Regional Inspectorate in Southeast Sulawesi Province, even though they actually have the same professional standards and codes of ethics as auditors. Peurse et al. (2005) suggested that there has been a shift on the role of internal auditors, there is less role of examination and there is increased role in consultation service.

Spirituality can be used auditors to solve problems because it contains meaning and value compared to others. Spirituality plays a role in assessing meaningful one actions or paths than others. (Zohar and Marshall, 2007) Spiritual allows someone to think more creatively so that people can work better.

5.5. Higher Auditor Spirituality, Better Audit Quality

Auditors with high spirituality certainly have high ethical behavior. If the auditor has good spirituality, there will be no any acts of scandal and manipulation taken by the auditors. Through spirituality, auditor can play his moral awareness to overcome any conflicts faced that can influence on audit judgment. Auditors with high spirituality are people with strong principles and vision, having ability to manage and survive in facing any difficulties.

Audit quality by auditor includes auditor's ability to uncover findings and auditors' courage in reporting the findings without being pressured by other parties. Ability to uncover findings relates to auditor's competence based on the knowledge, experience and technical expertise by the auditor. While the courage to report findings relates to auditor independence based on auditor objectivity and integrity. The fact shows that internal auditor competence in the Regional Inspectorate in Southeast Sulawesi Province is very reasonable in uncovering findings, because generally the auditor has adequate competence. This is indicated by the level of education, experience, and technical expertise considered to disclose findings.

Related to auditors' courage in reporting findings, auditors face a dilemma position because they have conflicts of interest, which on one hand they want to uphold values, norms and ethics, but on another hand, they are required to accommodate certain interests. This condition is very dilemma because on the one hand it is related to auditor's reputation in gaining public trust, but on another hand, it is faced with loyalty to the leadership based on the fact of integrity as an auditor commitment. This phenomenon provides resistance to auditors because it is faced with two strategic choices in taking decisions in order to improve audit quality.

Actually, this phenomenon does not need to be worried by auditors if it has high spirituality values. Auditor should be aware that audit adheres to the positivism concept, in which it contains the meaning of established norms, values and ethics namely free of value and absolutely valid. However, auditors are social beings so that they have a stagnant attitude in dealing with any issues things described above, so that in carrying out the assignments given to them, they consider standards and codes of ethics so that the auditor reacts normatively. The results of this study support the opinion of Erbe Sentanu in Agus et al. (2009) saying that rational thought is not the highest ability possessed by mankind, because above the rationality presents pure awareness and unlimited consciousness called as spirituality.

This study supports the research by Mitroff and Denton (1999) which states that possibility of a conflict of interest is caused by differences in spiritual values which he believes. If an auditor understands Islamic work ethics well presenting values of worship, then they will not face any dilemma. They work honestly, adhere to professional ethics, and are independent of any party pressure to commit fraud. Zohar and Marshall in Muajiz (2009) explain spirituality to deal with and solve any problems of meaning and value, namely to place our life behavior in a broader and richer sense to judge that one's actions or way of life are more meaningful than others.

5.6 Research Limitations

This research has limitations so that these study results are still far from perfection. Therefore, it is expected for any researchers who will carry out any researches related to this study object to make improvements. Limitations of this study include; (1) research location does not yet cover the whole region of Southeast Sulawesi Province, because the inclusion of the New Autonomous Region (DOB) namely Konawe Island Regency, East Kolaka, West Muna, and South Buton as a research location, so that the results of this study cannot be generalized based on facts empirical concerning audit quality in Southeast Sulawesi Province, (2) this study uses questionnaires which has possibility to present any perceptual bias, so any following researchers are expected to use an experimental method instrument without any possibility of perceptual bias from respondents, (3) this study uses survey methods by questionnaires as instruments research.

This method has disadvantage namely the respondents might not answer the question in the questionnaire seriously, or answer a question not based on the actual situation. Researchers are not able to provide overall control when filling out the questionnaire, because the questionnaires are distributed to APIP and are not awaited by the researchers, since at the time of distributing the questionnaire, some APIPs temporary have tasks outside the region, and (4) the results of tested data in this study are based on the respondents' answer perception by using written questionnaire instruments. This can cause incompatibility if the perception shown by the respondent is different from the actual situation

6. CONCLUSION AND RECOMMENDATION

Conclusion

Based on the problem formulation, research purposes, results of hypotheses testing and discussion, than it can obtain conclusion of the research results as follow:

1. Auditor competence influences positively and significantly on audit quality. This indicates that higher auditor competence will lead to better audit quality. Or in other words, higher auditor competence that is perceived from knowledge and experience will lead to more auditor possibility to be able to find any violations in accounting system of each work unit so that there will be better audit quality.
2. Auditor independence influences positively and significantly on audit quality. This indicates that higher auditor independence will lead to better audit quality. Or in other words, higher auditor independence that is perceived from objectivity and integrity will lead to more auditor possibility to be able to report any violations in accounting system of each work unit so that there will be better audit quality.
3. Auditor competence influences positively and significantly on audit spirituality. This indicates that higher auditor competence will lead to better audit spirituality. Or in other words, higher auditor competence that is perceived from knowledge and experiences will lead to more auditor possibility to be able to find out any violations in accounting system of each work unit so that there will be higher

audit spirituality.

4. Auditor independence influences positively and significantly on audit spirituality. This indicates that higher auditor independence will lead to better audit spirituality. Or in other words, higher auditor independence that is perceived from objectivity and integrity will lead to more auditor possibility to be able to report any violations in accounting system of each work unit so that there will be higher audit spirituality.
5. Auditor spirituality influences positively and significantly on audit quality. This indicates that higher auditor spirituality will lead to better audit quality. Or in other words, higher auditor spirituality that is perceived from inner life, value of morality at work, and work community will lead to more auditor possibility to be able to disclose and report any violations in accounting system of each work unit so that there will be better audit quality.

Recommendation

Based on the results and conclusions of this study, there are some suggestions that can be given to local governments, Regional Inspectorates, local government internal auditors, as well as for future researchers who will carry out research related to this research, namely:

For governments of province/ regency/ city in Southeast Sulawesi Province

Referring to this study conclusions, the recommendations for local governments are as follows:

1. Attempting to increase auditor capacity through increasing technical education and training in a gradual and continuous manner.
2. Improving auditor mental guidance through increasing spirituality, to increase values and morals in upholding auditor professional standards and code of ethics.
3. Emphasizing auditor to avoid any potential interference from any party, both from within the auditor and from outside the auditor to realize the principles of good governance.
4. Improving auditor selection and recruitment system, so that the placement is not indicated by political and kinship, but based on auditor capability (competence).
5. Providing strict sanctions for auditors who violate professional standards and codes of conduct based on the quality of the committed violations.
6. Adding functional auditors to increase the ratio of the number of auditors to the number of audit entities (SKPD) in conducting guidance and supervision in the implementation of local government policies.

For Regional Inspectorates

Based on the results of statistical calculations, indicator with the lowest loading factor from this study is the objectivity indicator. This indicator is the focus of attention to be used as input for the Regional Inspectorate in Southeast Sulawesi Province, in order to establish the implementation of audit quality improvement strategies. Suggestions given based on the priority sequence in this study are as follows:

1. Improving or preparing a guidance program for follow-up to auditors in a gradual and continuous manner.
2. Improving auditor mental guidance in a sustainable manner, especially in the establishment of auditor standards and professional code of ethics.
3. Emphasizing the importance of recognizing the interests and potential by auditors so that they can develop well.
4. Developing auditor loyalty to the organization and the given tasks.
5. Improving auditor ability in dealing with problems or difficulties in carrying out tasks or work.
6. Improving the quality of certification material for auditors that is always updated, so that it is relevant to the demands of the job assignment.
7. Continuing to make efforts to improve auditor ability and skills, so that they can carry out their duties and work as expected.

For Auditors of Regional Inspectorates

Based on the results of analysis and discussion, there are some suggestions that can be considered by the Inspectorate Regional Auditors in Southeast Sulawesi Province as follows:

1. It is expected that the auditors will improve their competence through formal education and technical training in a consistent and continuous manner to obtain JFA certification as a measure of audit quality.
2. Upholding spirituality values include auditor values, morals and ethics in applying the auditor's professional standards and code of ethics as one of the elements in improving audit quality.
3. Keep improving auditor mental attitude objectively, impartially, and avoiding conflicts of interest with other parties, so that they can uncover and report findings based on professional skills to gain legitimacy from the community.

For the further Researchers

For further researchers who are interested in conducting research related to this research, the following are suggested recommendations:

1. Adding other variables excluding ones in this study, mainly variables that can influence on the audit quality, such as auditor scepticism, auditor ratios with audit entities, premature audit assignments, auditor specialization, and leadership commitment.
2. Considering that the spirituality variable is very important in upholding the values, morals, and professional code of ethics based on the God Spot by each auditor, it is expected to redesign the research model by incorporating spirituality variables as independent variables or key variables that can influence on the quality.
3. It is necessary to develop research theories and methods in designing a model to explain further spirituality. A model that will be considered as qualify one is not based on the assumption realistic, but how the model is able to explain the real world situation.
4. Broadening the scope of research by including all new autonomous regions as research locations, so that the research results related to this research can be generalized to

Southeast Sulawesi Province.

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