**THE EFFECT OF ELECTRONIC INFORMATION TECHNOLOGY SYSTEMS, AUDITOR COMPETENCE, AND AUDITOR INDEPENDENCE, ON ETHICS MODERATED AUDITING QUALITY**

(Empirical Study on Certified Public Accountant (CPA)

Firms in Surabaya and Sidoarjo)

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***Abstract***

*The purpose of this study is to determine the effect of electronic information technology systems, auditor competence and independence auditor moderated ethics. The object of this research is the auditor who works in CPA area Surabaya. Data collection in this study using questionnaires that are given to auditors who work in the CPA area of Surabaya. Sampling using purposive sampling technique that sampling using certain criteria. Analysis technique used in this research is partial least square (PLS).The results obtained from the validity and reliability test indicate that each indicator of this research variable is valid. It is seen from the component score whose value is more than 0,5. For the test results Hypothesis only two collisions alone that affect the quality of the audit of Electronic Information Systems Technology and Electronic Information Systems Interaction with the Ethics Auditor, while others have not effect.*

***Keyword :*** *Electronic Information System Technology, Independence, and Competence, Ethics and The Audit Quality.*

##  INTRODUCTION

Professional accounting services are services provided by public accountants in overcoming the crisis of public distrust of a company's financial statements. A public accountant is a profession that has a high integrity in accounting for financial statements in a company. The profession of public accountants is responsible for improving the reliability of the company's financial statements so that they provide a reliable guarantee for the community in decision making (Kovinna and Betri, 2014: 2).

Public accountants must produce qualified audit reports. Audit quality can be achieved if it meets three of the following requirements, namely Independence, audit standards, and competence. An auditor is in charge of checking the financial statements whether they are in compliance with accepted accounting standards. The audit process is based on professional audit standards and is performed by a competent and independent auditor (Martani, et al., 2012: 13,14). Good audit quality will able to produce reliable financial statements, as a basis for users of financial statements in decision making. Audit quality is a form of responsibility of the auditor of the implementation of his/her duties. Every acts should refer to auditing standards and public accountant ethics codes (Rapina, et al., 2012: 11).

The era of globalization requires all information to be quckly and easily accessed. In the scope of an organization, technology are used as a tool to produce information or in a decision-making proscess. Current technological developments, which are constantly evolving will affect every stage of the audit process. Auditor's work will be easier, efficient and effective when using information technology (Arza, 2007: 24).

The use of computer-based information technology in a public accounting firm will facilitate the identification of data, data access, and data interpretation integrated into all organizational units. Therefore, the management of Public Accounting Firm can obtain the information needed in making decisions among audit teams, perform analytical procedures, and other audit procedures more easily.

According to Agusti and Pertiwi (2013: 4), competent auditor is an auditor who has sufficient knowledge and experience and is able to audit objectively. Auditors with higher education usually have a lot of knowledge about the field they are in, so they are able to know the problems deeper. In addition, with extensive knowledge, auditors will follow the development of increasingly complex science easier, so that they are able to produce high quality audits.

Independent mental attitude is very important in the field of accounting practice. Auditor is also required to understand the correct audit procedures. Auditors are not only obliged to maintain their independence, but they should also avoid factors that may cause doubtness upon their independence. Public consider that this mental attitude (independent) is now rare (Kharismatuti, 2012: 2).

Attitudes that the auditor carrying in the audit task will always be related to ethics. These ethical guidelines will govern the behavior of public accountants in carrying out their professional practices both with their professional counterparts and with the public. Given this rule as an ethical standard of public accountants, the public or users of financial statements can assess the extent to which public accountants work in accordance with established standards and ethics (Priyambodo, 2015: 4).

## Many studies have tested the quality of the audit but still have not achieved consistent results. Among the many studies, one of them is Agusti and Pertiwi's research (2013), which shows the significant influence of several factors that support audit quality such as competence, independence and professionalism. This is not consistent with research conducted by Priyambodo (2015) which states that competence, independence and accountability do not affect audit quality.

## Based on the background that has been described previously and the differences in perception from the results of previous research. The researcher aims to determine the effect of electronic information technology systems, auditor competence and auditor independence on audit quality that is moderated by ethics. This research was conducted in public accounting firm in Surabaya and Sidoarjo area.THEORETICAL DISCUSSION AND HYPOTHESIS FORMULATION

### Auditing Quality

Agoes (2012: 4) stated that an audit is a systematic examination, by an independent auditor, on a company's financial statements, accompanied by supporting evidence, to provide an opinion on the fairness of the company's financial statements.

Measuring audit quality is not easy because audit quality is difficult to measure objectively. Therefore, it is necessary to understand what audit is and what matters relate to audit quality. Audit quality is closely related to the statement of the auditor on a guarantee that the audited financial statements have been prepared according to prescribed standards and the absence of material or fraudulent errors.

The auditing standard is one of the audit quality measures established and endorsed by the Indonesian Institute of Certified Public Accountants consisting of general standards, fieldwork standards and reporting standards (IAPI, 2011: 150). Audits performed by the auditor can be said to be qualified, if it meets auditing standards and predefined quality control standards.

1. Auditing Standard
2. General Standard
3. Audits should be carried out by one or more person who have sufficient technical skills and training as an auditor.
4. All matters related to attachment and independence in mental attitude must be maintained by the auditor.
5. \In terms of conducting audits and the preparation of reports, auditors shall use their professional proficiency carefully and thoroughly.
6. Field Works Standard
7. Auditing must be well planned, and an assistant is hired, then he/she must be properly supervised.
8. Sufficient understanding of internal control should be mastered for planning the audit and determining the nature, and the environment where the test to be performed.
9. Competent audit evidence must be obtained through inspection, observation, request, information and confirmation as a basis for providing opinions on audited financial statements.
10. Reporting Standard
11. Auditor's report must state whether the financial statements prepared by the company are compatible with accounting principles in Indonesia.
12. Auditor's report must indicate the truth if there is any inconsistency between the application of accounting principles in the preparation of the ongoing period of financial statements with the application of accounting principles in the previous period.
13. Disclosure of information in the financial statements shall be deemed adequate, unless its is stated otherwise in the auditor's report.
14. The audit report must contain the statement of the auditor's opinion on the overall financial statements or assertion that such statement can not be given.
15. Quality Control Standard

CPA firm should consider each quality control element in setting its quality control policies and procedures. Therefore, CPA employment practices affect its training policies, which then, influences its promotional policies, and practice of both categories influences the supervision policy. Supervision practices affect training and promotion policies.To comply with the provisions in question, the CPA firm shall establish quality control policies and procedures concerning: independence, personnel assignment, consultation, supervision, employment, professional development, promotion, acceptance and continuation of clients and inspections. CPA firm may assign responsibility to its personnel in order to implement its effective and efficient quality control policies and procedures (IAPI, 2011).

According to [Prasita and Adi (2007:4)](#_26in1rg), auditing quality standard consists of:

1. The strategic qualities associated with audit mechanisms include:
2. Auditing result should be able to provide complete information
3. Inspection reports should be turned in to clients in a punctual manner
4. Technical quality relatedd to the finding presentation , conclusion, and opinion include:
5. Auditing report must be clear and specific
6. Auditing report must be consistent and transparant
7. Process quality is a quality that refers to the examination process starting from planning, implementation, reporting to the follow-up examination, which consist of:
8. Proper and procedural implementation of field audits
9. Implementation of specified procedure in the audit
10. Implementation of audits with high ethical standards

### Electronic Information Technology System

Putri (2010: 1) stated that information technology is a supporting factor in the application of information systems that can be a solution for corporate management in solving problems in accounting activities. An organization's information technology usually includes hardwares, softwares, databases, and other technologies used to store data in the form of information that can be used as a tool in decision-making process.

The development of information technology provides a significant impact on the field of accounting. The possible impact of information technology development is, data processing changes from manual to computerized system. The management of computer-based data facilitate the accountant in the management of financial statements, so that the resulting data become more qualified (Putri, 2010: 2).

According Herusetya (2010: 2), information system based on electronic technology is needed for decision-making that is oriented on the professional considerations and complexity of the assignment. In his research, Herusetya (2010: 3) wrote that electronic information technology system is a supporting information system used by auditors in assisting auditing assignment. Electronic information technology-based systems are indispensable for auditors in complex audit assignments, when decision-making is analytic, rapid, and needs for communication among audit teams is essential.

Herusetya (2010: 2) also said that the use of GDSS / GSS and other software used as a decision aids will be able to assist the auditor's duties effectively and efficiently in making audit decisions. His research on the effect of electronic information technology system implementation on audit quality gives positive positive result. This proves that the empowerment of information technology in audit task performance has an effective and efficient impact.

According to Dewi and Badera (2015: 27) this is meant to measure the usefulness of computer-assisted audit, there are some things that need to be considered as follows:

1. The benefit of computer-assisted auditing technique.
2. The practicality of computer-assisted auditing technique .
3. The attidude of computer-assisted auditing technique usess
4. The accetance of Penerimaan teknik audit berbantuan komputer

### Competence

Auditor competence is a qualification required by the auditor in order to perform a correct audit (Rai, 2008). These qualifications include knowledge and skills. An auditor should have extensive knowledge in certain matters normally obtained from formal education and experience. In addition, an auditor is also required to have certain skills in completing the task carefully, quickly and thoroughly in analyzing the problem (Ardini, 2010: 5).

In the IAPI of Professional Accountant Ethic Codes 2011: 11, it is described that the principles of competence explained precision and carefulness, which can be broken down into these following points:

1. Maintain the professional knowledge and expertise required to ensure competent professional services to clients or employers.
2. Use his/her professional skills thoroughly in accordance to professional standards and professional ethic codes oin providing professional services.
3. Careful and professional attitude require every auditor to behave and act carefully, on time and in accordance with the assignment agreed.

This confirms that an auditor must be expert and competent in accounting and auditing, so no matter how good a person's ability in business and finance, but if the person is unable to meet the requirements set forth in this auditing standard, then that person can not be said to have adequate education and experience in the field of auditing.

### Independence

Halim (2008: 46) stated that independence is required in the auditor's attitude so that he/seda has to be honest in doing the audit. In auditing standards mentioned that someone is said to be independent if, the person is not easily influenced by others because in carrying out his duties as a public accountant always put the public interest. An auditor is deemed not independent if the auditor has a special relationship (e.g. family relationship) which make the assumption that the auditor is not independent (Badjuri, 2011: 4).

According to Amaliansyah (2016) the independence of auditors can be known by considering the following points:

1. The amount of audit fees
2. Disclosure of fraudulent clients without interference from others
3. Provision of facilities from clients
4. Providing non-audit services to clients
5. Duration of client auditing
6. Good relationship with clients

In their research, [Agusti dan Pertiwi (2013:5)](#_lnxbz9) projected independence into four variables, they are:

1. The duration of the relationship with the client (audit tenure), in which the Indonesian government restricts repetitive assignments to the same client for a maximum of 3 years, and 5 years maximum for CPA firm.
2. The pressure from the client arises when the client disagree with the audit report's test results. So, the client seeks to influence the auditor to perform actions that violate auditing standards.
3. Peer review is conducted as a way to oversee the auditor to improve the quality of accounting and audit services. The higher the analysis of the peer review (peer review),the higher the independence of auditors will be.
4. Non-audit services, refers to the existence of a CPA firm that provides services other than audit services such as management consulting services and tax consultant services. This can eliminate the auditor's independence because the auditor will directly engage in client management activities.

### Ethics

In general, ethics is the moral values and principles of an individual. Ethics is a rule/ set that is composed to maintain a profession at a dignified level, and to guide members of their profession in a bond and ensure to the public that this profession will maintain a high level of performance (Sunyoto, 2014: 46).The code of ethics of the auditor is a code of conduct of auditors that is governed in accordance with the demands of the profession and audit standards. Where this rule is a measure of quality that must be achieved by the auditor in carrying out its audit duties. If the rule is not met, it means that the auditor has worked under the standard and it can be considered as malpractice (Sari, 2011: 25).

In carrying out his duties, an auditor is expected to always be guided by the basic principles of professional ethics (IAPI, 2011: 1), which are::

1. **The Principle of Integrity**

Every Practitioner / auditor must be firm and honest in establishing professional relationships and business relationships in carrying out his work.

1. **The Principle of objectivity.**

Every Practitioner / auditor shall not allow subjectivity, conflicts of interest, of others to influence professional judgment.

1. **The Principle of competence and attitudes of professional precision and awareness (professional competence and due care).**

Every practitioner / auditor is required to maintain professional knowledge and expertise at the required level on an ongoing basis.

Every practitioner must act professionally and in accordance with profession standards and professional codes of conduct applicable in carrying out his rofession.

1. **The Principle of secrecy.**

Every practitioner / auditor is required to maintain the confidentiality of information obtained from his / her business relationship, and shall not disclose such information to third parties without the consent of the client, unless there is an obligation to disclose in accordance with applicable terms.

1. **The Principle of professional conduct.**

Every practitioner/ auditor is required to comply with applicable regulations and must avoid all actions that may damage the reputation of his profession.

In performing duties as an auditor, a dilemma of choices which are contradictive with social values is a common problem. Therefore, it is expected that auditors in carrying out auditing tasks always uphold the auditor's ethical code, because unethical actions, will damage the reputation of the whole profession of public accountants. By complying with applicable codes of conduct and auditing standards, auditors are expected to produce the best audit quality.

### The Effect of Electronic Information Technology System and Auditor on Audit Quality

The development of information technology provides significant impacts on the field of accounting, on of them is the shifting of data processing from the manual system to computerized system. With the management of computer-based data, accountant is assisted in managing of financial statements, so that the resulti data become more qualified (Putri, 2010: 2).

According Herusetya (2010: 2), electronic-based information systems is needed for decision-making oriented to the professional considerations and complexity of the assignment. In Herusetya's research (2010: 3) it is stated that electronic information technology system is a supporting information system used by auditor to assist themselves in the assignment of audits. Electronic information technology-based systems are indispensable for auditors in complex audit assignments, where analytical, rapid decision-making and communication among audit teams is essential.

Supardi and Mutakin (2009) explained that an understanding of ethics will bring the auditor on attitudes, behaviors, and actions that are responsible in maintaining the quality of the audit. Based on the theory, the interaction of electronic information technology systems and auditor ethics have a positive effect on audit quality. So the researchers hypothesized that the interaction of electronic information technology systems and auditor ethics affect the quality of audit.

### The Influence of Auditors’ Competence Interaction and Auditor’s Ethic on Audit Quality

According to Priyambodo (2015: 9), the competence of an auditor must be supported with auditor ethics in accordance with the standards that have been set because the ethics of the auditor is directly related to the client. Thus, to produce a quality audit, the auditor must integrate ethicsand competence.

Kovinna and Betri (2014: 3) stated that ethics is a form of responsibility from the auditor to the community, clients, and fellow practitioners, which also includes commendable behavior, although it means that the auditor must set aside his personal interests. Audit quality with respect to professional ethics is essential in providing reliability that the accounting profession has fulfilled its responsibilities to those who rely on the credibility of audited financial statements (Alim, et al., 2007: 3).

Priyambodo (2015: 9) also proposed that the interaction of competence and auditor's ethics have an effect on audit quality. This means that the auditor's auditor ethics will increase the influence of auditor's competence on audit quality.

Based on the theory and previous research, which explains that the interaction of competence and ethics of the auditor gives a positive influence on audit quality, the researcher hypothesized that the interaction of competence and auditor ethics affect audit quality.

### The Effect of Auditor’s Independence Interaction and Auditor’s Ethics on Auditing Quality.

According to their research, Alim, et al. (2007: 18) found that the interaction of independence and auditor ethics have a significant effect on audit quality. It shows that audit quality is influenced by how far the auditor is able to maintain its independence against client pressure by sticking to the ethics.

Based on previous theories and research, explaining that the independence and ethical interaction of auditors has a positive effect on audit quality, the researcher hypothesizes that the interaction of independence and auditor ethics had an effect on audit quality.

Based on the explanation, the picture for the conceptual framework of this study is as follows:

**Conceptual Frameworks**

Electronic Information System (X1)

Audit Quality

 (Y)

Auditor Competence (X2)

Auditor Independence (X3)

Independensi auditor

(X3)

ETHICS

(Z)



## RESEARCH METHOD

The population used for this study is taken from auditors who work in CPA firms in Surabaya and Sidoarjo. Sample, according to Sugiyono (2010: 81), is part of the number and characteristics possessed by the population of a study. The sampling technique in this research is purposive sampling technique, a technique of taking sample data by using certain criteria (Sugiyono, 2010: 85). The sample in this study are auditors who have met the purposive sampling criteria set, which are:

1. Included in CPA in Surabaya and Sidoarjo.
2. CPA has business permit more than 7 years.
3. CPA is listed in Financial Sevice Authority (OJK)
4. Auditor have worked in CPA for at least 2 years.

Data is obtainde through questionnaires distributed to auditors who work in CPA in Surabaya and Sidoarjo. Questionnaire is a technique of data collection by giving a set of questions or written statement to respondents to answer it. Questionnaires in this study are closed so that the respondents may simply select the available answers. The measurement scale used by researchers in this research is Likert scale from 1 to 4 in the form of checklist. Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about certain social phenomena (Sugiyono, 2010: 93). Meanwhile, the variables used in this study are as follows:

1. The Dependent variable Y is audit quality
2. The Independent variable X1 is electronic information technology system
3. The Independent variable X2 is auditor competence
4. The Independent variable X3 is auditor independence
5. The moderating variable Z is ethics

Those variables are measured using the following certain indicators:

|  |  |  |
| --- | --- | --- |
| **Variables** | **Indicators** | **References** |
| Audit Quality/ Y | 1. strategic qualities related to audit mechanisms.
2. Technical quality related to presentation of findings, conclusions and opinions
3. Process quality is a quality that refers to the examination process from planning, implementation, reporting, to a follow-up examination.
 | ([Prasita and Adi, 2007](#_26in1rg))  |
| Electronic Information Technology System / X1 | 1. The function of computer-assisted audit.
2. The ease of computer-assisted audit.
3. The attitudes of computer-assisted audit users.
4. The reception of computer-assisted audit work.
 | ([Dewi and Badera, 2015](#_35nkun2)) |
| Auditor’s Competence / X2 | 1. Competence accomplishment
2. Competence maintenance
3. Junior auditor review
4. Carefulness and accuracy
 | ([IAPI, 2011](#_1ksv4uv)) |
| Auditor’s Independence / X3 | 1. The amount of auditing fee
2. Disclosure of client's fraudulent without interference from others
3. Provision of facilities from clients d. Providing non-audit services to clients
4. Duration of client auditing
5. Good relationship with client
 | ([Amaliansyah, 2016](#_44sinio)) |
| Etika / Z | 1. Integrity
2. Objectivity
3. Competence, carefulness, and accuracy
4. Secrecy
5. Professional responsibility
 | ([IAPI, 2011](#_1ksv4uv)) |

To measure the variables mentioned above, the researcher uses Partial Least Square (PLS) analysis. PLS is a variance-based research tool that has the ability to simultaneously test the model of measurement/ outer model as well as structural model/ inner model. Outer model is used to test the quality of data (test validity and reliability), while inner model is used to test the research hypothesis.

## DISCUSSION AND RESULTS

The result of hypothesis test using Partial Least Square (PLS) is as follows:

Table *Outer Loading* of each Variables’ Indicators

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | **Original Sample (O)** | **Sample Mean (M)** | **Standard Deviation (STDEV)** | **T Statistics (|O/STDEV|)** | **Result** |
| **DEP \* ET <- ET-DEP** | **1,006** | 1,012 | 0,124 | 8,082 | Valid |
| **DEP1 <- DEP** | **0,740** | 0,714 | 0,124 | 5,979 | Valid |
| **DEP2 <- DEP** | **0,683** | 0,661 | 0,122 | 5,609 | Valid |
| **DEP3 <- DEP** | **0,577** | 0,544 | 0,155 | 3,730 | Valid |
| **DEP4 <- DEP** | **0,748** | 0,753 | 0,074 | 10,112 | Valid |
| **DEP5 <- DEP** | **0,787** | 0,795 | 0,049 | 15,952 | Valid |
| **DEP6 <- DEP** | **0,836** | 0,841 | 0,043 | 19,578 | Valid |
| **ET1 <- ET** | **0,802** | 0,776 | 0,085 | 9,432 | Valid |
| **ET2 <- ET** | **0,581** | 0,569 | 0,146 | 3,986 | Valid |
| **ET3 <- ET** | **0,645** | 0,642 | 0,122 | 5,301 | Valid |
| **ET4 <- ET** | **0,804** | 0,785 | 0,082 | 9,816 | Valid |
| **ET5 <- ET** | **0,723** | 0,711 | 0,099 | 7,282 | Valid |
| **ET6 <- ET** | **0,843** | 0,831 | 0,078 | 10,849 | Valid |
| **KOM \* ET <- ET-KOM** | **0,923** | 0,905 | 0,169 | 5,453 | Valid |
| **KOM1 <- KOM** | **0,761** | 0,717 | 0,181 | 4,201 | Valid |
| **KOM2 <- KOM** | **0,867** | 0,821 | 0,150 | 5,767 | Valid |
| **KOM3 <- KOM** | **0,733** | 0,679 | 0,172 | 4,257 | Valid |
| **KOM4 <- KOM** | **0,679** | 0,685 | 0,166 | 4,092 | Valid |
| **KU1 <- KU** | **0,738** | 0,727 | 0,078 | 9,467 | Valid |
| **KU2 <- KU** | **0,653** | 0,646 | 0,103 | 6,362 | Valid |
| **KU3 <- KU** | **0,851** | 0,853 | 0,037 | 23,054 | Valid |
| **KU4 <- KU** | **0,743** | 0,742 | 0,084 | 8,823 | Valid |
| **KU5 <- KU** | **0,675** | 0,669 | 0,104 | 6,465 | Valid |
| **KU6 <- KU** | **0,821** | 0,821 | 0,045 | 18,146 | Valid |
| **KU7 <- KU** | **0,878** | 0,879 | 0,026 | 34,301 | Valid |
| **SIT \* ET <- ET-SIT** | **0,857** | 0,855 | 0,072 | 11,959 | Valid |
| **SIT1 <- SIT** | **0,804** | 0,805 | 0,053 | 15,269 | Valid |

Pricture *Convergent Validity*

Based on the convergent validity test results in the above table, it can be seen that the loading factor in the original sampling column shows all indicators of each variable, namely audit quality variable, electronic information technology system, auditor competence, auditor independence, and ethics, with loading factor greater than 0.5. This means that the correlation between the item score/ research indicator with the construct has a high reflection size. Thus, the indicators in this study can be declared valid as a measure of its latent variables.

Table *Cross* Loading of Each Indicator of the Variables

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | **DEP** | **ET** | **ET-DEP** | **ET-KOM** | **ET-SIT** | **KOM** | **KU** | **SIT** | **Hasil** |
| **DEP \* ET** | 0,254 | 0,223 | **1,000** | 0,558 | 0,696 | 0,150 | 0,023 | -0,072 | Valid |
| **DEP1** | **0,740** | 0,672 | 0,252 | 0,348 | 0,113 | 0,553 | 0,378 | 0,497 | Valid |
| **DEP2** | **0,683** | 0,649 | -0,148 | -0,031 | -0,265 | 0,523 | 0,322 | 0,539 | Valid |
| **DEP3** | **0,577** | 0,624 | 0,202 | 0,337 | 0,078 | 0,576 | 0,302 | 0,454 | Valid |
| **DEP4** | **0,748** | 0,591 | 0,289 | 0,202 | 0,022 | 0,446 | 0,537 | 0,524 | Valid |
| **DEP5** | **0,787** | 0,440 | 0,078 | -0,129 | -0,306 | 0,434 | 0,555 | 0,559 | Valid |
| **DEP6** | **0,836** | 0,534 | 0,353 | 0,115 | 0,020 | 0,473 | 0,556 | 0,551 | Valid |
| **ET1** | 0,570 | **0,802** | 0,279 | 0,388 | 0,189 | 0,715 | 0,293 | 0,400 | Valid |
| **ET2** | 0,452 | **0,581** | -0,076 | 0,107 | -0,220 | 0,474 | 0,265 | 0,500 | Valid |
| **ET3** | 0,356 | **0,645** | 0,211 | 0,363 | 0,092 | 0,601 | 0,317 | 0,431 | Valid |
| **ET4** | 0,643 | **0,804** | 0,256 | 0,368 | 0,153 | 0,645 | 0,334 | 0,489 | Valid |
| **ET5** | 0,650 | **0,723** | -0,020 | 0,111 | -0,147 | 0,755 | 0,338 | 0,557 | Valid |
| **ET6** | 0,675 | **0,843** | 0,304 | 0,403 | 0,210 | 0,787 | 0,342 | 0,558 | Valid |
| **KOM \* ET** | 0,164 | 0,398 | 0,558 | **1,000** | 0,549 | 0,487 | -0,096 | 0,034 | Valid |
| **KOM1** | 0,588 | 0,654 | -0,085 | 0,166 | -0,193 | **0,761** | 0,273 | 0,513 | Valid |
| **KOM2** | 0,577 | 0,801 | 0,181 | 0,467 | 0,121 | **0,867** | 0,262 | 0,505 | Valid |
| **KOM3** | 0,515 | 0,742 | 0,214 | 0,451 | 0,142 | **0,733** | 0,229 | 0,362 | Valid |
| **KOM4** | 0,341 | 0,583 | 0,155 | 0,400 | 0,057 | **0,679** | 0,334 | 0,403 | Valid |
| **KU1** | 0,299 | 0,132 | -0,100 | -0,193 | -0,310 | 0,116 | **0,738** | 0,480 | Valid |
| **KU2** | 0,437 | 0,192 | 0,076 | -0,024 | -0,102 | 0,133 | **0,653** | 0,441 | Valid |
| **KU3** | 0,592 | 0,433 | 0,059 | -0,038 | -0,076 | 0,408 | **0,851** | 0,698 | Valid |
| **KU4** | 0,410 | 0,282 | -0,183 | -0,348 | -0,231 | 0,168 | **0,743** | 0,544 | Valid |
| **KU5** | 0,502 | 0,318 | 0,073 | -0,083 | -0,091 | 0,256 | **0,675** | 0,498 | Valid |
| **KU6** | 0,561 | 0,520 | 0,134 | 0,103 | -0,066 | 0,526 | **0,821** | 0,761 | Valid |
| **KU7** | 0,537 | 0,348 | 0,016 | -0,024 | -0,185 | 0,279 | **0,878** | 0,724 | Valid |
| **SIT \* ET** | -0,084 | 0,071 | 0,696 | 0,549 | **1,000** | 0,037 | -0,188 | -0,360 | Valid |
| **SIT1** | 0,574 | 0,588 | -0,169 | -0,036 | -0,291 | 0,583 | 0,638 | **0,804** | Valid |
| **SIT2** | 0,565 | 0,564 | 0,086 | 0,154 | -0,263 | 0,518 | 0,615 | **0,802** | Valid |
| **SIT3** | 0,531 | 0,359 | -0,005 | -0,099 | -0,275 | 0,257 | 0,647 | **0,803** | Valid |
| **SIT4** | 0,619 | 0,648 | -0,138 | 0,097 | -0,335 | 0,559 | 0,649 | **0,831** | Valid |

Based on the results of discriminant validity test in the above table, it is known that each indicator has cross loading (against the measured variable) is greater than the value of cross loading contained in other variables, so the indicator on each construct can be declared valid.

Reliability Test Result

|  |  |  |
| --- | --- | --- |
|  | **Cronbach's Alpha** | **Composite Reliability** |
| **DEP** | **0,831** | **0,873** |
| **ET** | **0,828** | **0,877** |
| **ET-DEP** | **1,000** | **1,000** |
| **ET-KOM** | **1,000** | **1,000** |
| **ET-SIT** | **1,000** | **1,000** |
| **KOM** | **0,760** | **0,847** |
| **KU** | **0,884** | **0,910** |
| **SIT** | **0,825** | **0,884** |

The table shows that *composite reliability* value is above 0,5 for all variables dan *cronbachs alpha* value is above 0,7. It means that the measure of each variables can be declared reliable.

*R Square* Table

|  |  |
| --- | --- |
| Auditor’s Independence |  |
| Ethics |  |
| Electronic Information Technology System\* Ethics |  |
| Competence\* Ethics |  |
| Independence\* Ethics |  |
| Audit Quality | 0,742 |
| Audit Competence |  |
| Electronic Information Technology System |  |

The table shows that audit quality variable can be explained by auditor ethics variable, electronic information system interaction with auditor ethics, auditor competence interaction with auditor ethics, auditor independence interaction with auditor ethics, electronic information technology system, auditor competence and auditor independence of 74 %, while the remaining 26% is another variable outside the proposed model.

*Path Coefficients* Table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Original Sample (O)** | **Standard Deviation (STDEV)** | **T Statistics (|O/STDEV|)** | **P Values** |
| **ET-DEP -> KU** | 0,007 | 0,153 | **0,044** | 0,965 |
| **ET-KOM -> KU** | -0,294 | 0,212 | **1,384** | 0,167 |
| **ET-SIT -> KU** | 0,415 | 0,190 | **2,189** | 0,029 |

Based on the data analysis shown above, it is shown that:

1. Electronic Information technology system has influence on ethics moderated auditing quality.

Based on the results of hypothesis test shown, it can be concluded that the T-statistic value for the interaction variable of electronic technology information system and auditor ethics on audit quality is 2,189. The result shows that T-statistic / T-calculate value is greater than 1.96, so the existence of ethical audit variable will strengthen the influence of electronic information technology system variable on audit quality. The use of ethical-based electronic information technology systems will produce quality audit reports. This has been described in the general audit standards of IAPI (2011: 210) which requires an auditor to have sufficient expertise and training on auditing and be able to use his or her expertise thoroughly and thoroughly in the conduct of audits and the preparation of audit reports. The code of ethics of the public accounting profession, which is the guideline for the auditors in performing their duties, has stipulated that an auditor must adhere to the basic principles of professional ethics. One of the codes of ethics states the principles of competence as well as accuracy, and professional caution. So it is clear that with the ethics of auditors who direct the auditor in using his expertise such as the use of information technology applied in the field of audit will improve the quality of audit reports.

1. Auditor’s Competence does not affect ethis moderated audit quality.

Berdasarkan The result of hypothesis test shows that the T-statistic value for auditor competence interaction variable and auditor ethics on audit quality is 1,384. The results show that the T-statistic / T-count is smaller than 1.96. Thus, the ethical audit variable will not strengthen / weaken the influence of the auditor's competence variable on audit quality. In this study, the competence of the auditor does not affect the quality of the audi because an auditor who feels that he is competent usually ignore the audit procedures so that the audit report is done to be less qualified. Auditors who already feel themselves experienced and have extensive knowledge in the field of audit usually ignore the professional code of ethics. Under these conditions, it can be concluded that the presence of auditor ethics will not be able to influence the quality of audit reports. The results of this study are in line with research conducted by Alim, et al. (2007).

1. Auditor’s Independence dows not affect ethics moderated audit quality.

Based on the hypothesis test, the T-statistic value for auditor independence interaction variable and auditor ethics on audit quality is 0,044. The result shows that the T-statistic / T-calculate value is smaller than 1.96, so that the existence of ethical audit variable will not strengthen / weaken the influence of auditor independence variable on audit quality. In this study, independence has no effect on audit quality. This happens when an auditor experiences a dilemma, making it possible for an auditor to act against an audit standard. This condition causes the auditor to ignore the independence and even the professional code of ethics. Therefore, the existence of auditor ethics will not be able to affect the quality of audit reports.

## CONCLUSION

 Based on the data analysis shown in the discussion, the researcher has drawn the following condlusions:

1. Interaction of electronic information technology systems and auditor ethics affect audit quality. This suggests that with the use of ethics-based electronic information technology systems will produce quality audit reports.
2. Auditor competence and auditor ethics interaction does not affect audit quality. Auditors who already feel themselves experienced and have extensive knowledge in the field of audit usually ignore the ethics code of profession, so the ethics of the auditor though, will not be able to affect the quality of audit reports.
3. Auditor independence interaction and auditor ethics have no effect on audit quality. The condition of auditors experiencing dilemmas will neglect independence and even professional ethics code.

## Suggestion

Based on the results of the study, the researchers advice to the CPA firms in Surabaya Area and further researchers as follows:

1. This research is expected to be able to increase the knowledge of electronic information technology system that is able to improve the quality audit report conducted by auditors working in KAP area of Surabaya.
2. CPA firms in Surabaya Area are expected to be able to develop a better computer-based audit system, especially in the field of audit application software in order to be able to produce more qualified and efficient quality audit reports.
3. Other researchers are expected to add other variables that can increase the validity of audit sciences, especially in terms of improving audit quality.

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