

## CHAPTER V

### CONCLUSIONS AND SUGGESTIONS

#### A. Conclusion

The objective of this research is to examine how auditor independence and competence influence audit quality, with integrity serving as a moderating variable. This study was carried out at a governmental institution, specifically the Financial and Development Supervisory Agency (BPKP) of the Yogyakarta Special Region. From the analysis of the tested data, several conclusions have been formulated as follows:

1. The independence of auditors contributes positively to the quality of audits. This indicates that the greater the auditor's independence, the better the quality of the audit outcomes. Auditors who maintain independence are more likely to remain objective and resist external pressures, enabling them to deliver audit reports that are reliable and of high quality.
2. Auditor competence exerts a positive influence on audit quality. This implies that auditors with strong competence gained through education, training, and professional experience can conduct audits more effectively, identify errors precisely, and produce audit reports that are both relevant and trustworthy.
3. Integrity serves as a moderating factor in the relationship amongst independence and audit quality. This suggests that higher levels of

integrity enhance the impact of independence on audit quality. Auditors who possess integrity tend to consistently uphold objectivity and adhere to professional ethics, thereby reinforcing their independence and delivering superior audit quality.

4. Integrity does not moderate the influence of competence on audit quality. This indicates that the level of integrity, whether high or low, neither amplifies nor diminishes the link amongst competence and audit quality. In the setting of government institutions like BPKP, competence constitutes a mandatory standard possessed by all auditors in line with BPKP Regulation No. 5 of 2023. Therefore, the impact of competence on audit quality occurs directly, independent of the auditors' integrity level.

## **B. Implications**

### **1. Theoretical**

The findings of this research reinforce the explanatory power of attribution theory in understanding auditor behavior, particularly in the context of audit quality. This study highlights internal attributes such as independence, competence, and integrity significantly influence auditors' performance outcomes. Moreover, the evidence that integrity enhances the impact of independence on audit quality aligns with the notion that auditors' personal attitudes and values substantially shape the quality of their work. Consequently, these findings provide further support for the use of attribution theory as a

framework to comprehend how individual auditor characteristics contribute to the quality of audit results.

## 2. Practical

The outcomes of this research are intended to serve as a reference for auditors, heads of audit bodies, and other associated parties. The study reveals that auditor independence and competence significantly influence audit quality, and integrity can strengthen the effect of independence. Therefore, auditors need to continue to improve their professional abilities and uphold ethical values such as honesty and responsibility. In addition, the organization needs a work environment that supports auditors to remain independent and maintain integrity. This study's findings may also serve as input for policy makers in formulating audit guidelines or regulations that emphasize the importance of auditors' professional attitudes and values.

### C. Limitations and Suggestions

This research has been prepared and conducted following all scientific guidelines and procedures, but in practice this research still has limitations. First, the response rate is still quite low, so it is recommended that future research should consider taking other months when auditors are not in a busy period (Ardiyan, 2017). Second, in this study, only two independent variables were used, namely auditor independence and auditor competence to measure audit quality, to prevent the inclusion of other aspects such as professionalism, skepticism, or audit fees that could

have an effect on audit quality (Azhari et al, 2020). Accordingly, subsequent research is advised to investigate this matter in more depth, to add at least one other variable that can affect audit quality in order to obtain more comprehensive research results and reflect more real conditions in the field. Third, for testing moderation variables, this study only uses a simple interaction approach in regression, so it has not fully captured the complexity of the moderation relationship. Therefore, future studies are advised to employ more advanced moderation analysis techniques, such as Structural Equation Modeling (SEM), in order to validate the relationships amongst variables.

