



# Local Government Internal Audit Quality: Input Factors, Individual Level (Study on Inspectorate Auditors in North Sulawesi Province)

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## Abstract

The quality of local government internal audit is very important in realizing good governance and clean government. This study aims to provide empirical evidence regarding the effect of Communication Skills, Professional Commitment and Self-Efficacy on Local Government Internal Audit Quality and the role of self-efficacy in mediating the effect of professional commitment on local government internal audit quality. This research is explanatory research with a survey approach and uses the census method. The study was conducted on 220 Inspectorate auditors at 16 Inspectorates in North Sulawesi Province. The data collection technique used a questionnaire made using google form. The results showed that the higher the communication skills, professional commitment and self-efficacy, the better the quality of internal audit. Self-efficacy mediates the effect of professional commitment on internal audit quality.

**Keywords:** internal audit quality; communication skills; professional commitment; self-efficacy

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## INTRODUCTION

Internal Audit in local government is currently growing quite rapidly, demanding auditors to be more responsive to the needs of the community. The public demands good governance that is honest and clean, especially in the responsibility of managing public finances in realizing

good governance and clean government. Internal audit plays an important role in overseeing all activities of the government apparatus and is useful for monitoring the mechanism for implementing activities to achieve goals with effective and efficient results. The Government Internal Supervisory

Apparatus (APIP) Audit Standard defines that auditors are civil servants (PNS) who have functional auditor positions and / or other parties who are given full duties, authority, responsibilities and rights by officials authorized to carry out supervision in government agencies for and on behalf of APIP (Permenpan, 2008). The Inspectorate is an institution that carries out its duties as an internal government auditor to carry out supervision of provincial governments, regency governments and city governments in Indonesia.

This research focused on the regional government inspectorate in North Sulawesi province which consists of the provincial government inspectorate and 15 regency/city government inspectorates. The establishment of regional supervisors in this case the Regional Inspectorate which aims to realize good governance has not been implemented properly. This can be seen from the results of the Evaluation of Performance Accountability and Implementation of Bureaucratic Reform in Provincial/Regency/City Government Agencies in 2020 carried out by the Ministry of Administrative and Bureaucratic Reform (PANRB). The results of this evaluation show that in the Government Agency Performance Accountability System (SAKIP) and

Bureaucratic Reform (RB) of the Provincial/Regency/City government in North Sulawesi, only the city of Manado received BB score for SAKIP and B score for RB. Meanwhile, the SAKIP and RB values of other regency/city governments are still below the SAKIP and RB values of Manado city (Donwu, 2020; Nobel, 2020).

The establishment of regional supervisors in realizing clean government has also not fully run as expected by the community. This can be seen from the corruption cases that have occurred in North Sulawesi Province in recent years, such as corruption and money laundering cases of funds for handling the Covid-19 pandemic in North Minahasa Regency in the 2020 fiscal year, alleged corruption cases of road rehabilitation in Bolaang Mongondow Regency in the 2020 fiscal year, alleged corruption cases of village mapping procurement in Sitaro Islands Regency in the 2019 fiscal year, alleged corruption cases of garlic seed procurement in South Minahasa Regency in the 2019 fiscal year and alleged corruption cases of drinking water grants in Bitung City in the 2018 fiscal year (Umar, 2022).

Phenomena that occur in the North Sulawesi provincial government are in stark contrast to the results of

the BPKP Assessment of the Internal Audit Capability Model (IA-CM) in North Sulawesi Province. The Internal Audit Capability Model (IA-CM) is a framework that identifies the fundamental aspects needed for effective supervision in the public sector, the IA-CM level of the Government Internal Supervisory Apparatus (APIP) in all Regencies / Cities of North Sulawesi Province, on average, has reached level 2 (Infrastructure) and level (Integrated). At level 2, APIP is stated to be able to ensure governance processes in accordance with regulations and is able to detect corruption, while at level 3, APIP is stated to be able to assess the efficiency, effectiveness, economy of an activity and is able to provide consultation on governance, risk management and internal control (BPKP, 2018; Renwas, 2018).

According to Halim & Kusufi (2014), low public sector audit quality will result in lawsuits (legitimacy) against government officials and fraud, corruption, collusion and various irregularities will appear. Therefore, the quality of local government internal audit is important to be researched and assessed for its quality in carrying out supervision.

The definition of audit quality is still debated and has yet to reach a

common agreement among researchers, regulators, investors and practitioners. The Public Company Accounting Oversight Board (PCAOB) revealed a gap in mutual agreement on the definition of audit quality. As a result, some regulators and standard setters concluded that reaching consensus on the definition of audit quality may still be impossible (Rezaee et al., 2016). Audit quality is considered a complex concept that cannot be reduced to a simple definition (Francis, 2011; FRC, 2008; Robert Knechel, Krishnan, Pevzner, Shefchik, & Velury, 2013). The Financial Reporting Council (FRC) states that there is no single agreed definition of audit quality that can be used as an appropriate standard to assess performance. Audit quality is a concept that has different definitions for different people (Chadegani, 2011). Therefore, the concept of audit quality is still an important issue to be researched today.

A frequently cited definition of audit quality is that of DeAngelo (1981) who defines audit quality as the market-assessed joint probability that the auditor will find violations in the client's accounting system and report those violations. This definition intuitively separates the quality partition into two components: first, the auditor's likelihood of discovering

the misstatement. Second, appropriate action on the findings (Knechel et al., 2013). Therefore, (Knechel et al. (2013) suggest that audit quality as a result is conditional on the presence of certain auditor attributes. This is supported by the statement Chadegani (2011) that audit quality is primarily not only about auditing standards but also the quality of people.

Auditors must have certain attributes that can support the implementation of a quality audit process and their decisions in taking appropriate action regarding findings. Skills, personal qualities and training are important factors that determine the quality of auditors (FRC, 2008). The Inspectorate's role as an internal auditor in preventing fraud in financial reports prepared by local governments can be carried out well, if the inspectorate auditor has the education, knowledge, experience, expertise and skills and other competencies needed to carry out their duties (Permenpan, 2008). Communication skills are one of the skills required by inspectorate auditors in carrying out their functions. Inspectorate auditors must communicate effectively about the objectives of the audit, what tasks will be completed and provide an understanding that their role is to

assist the government, especially regional heads, in carrying out their responsibilities for managing public finances honestly and cleanly. Communication skills are also needed by inspectorate auditors in communicating audit findings to regional heads and providing recommendations for necessary improvements in these findings. Thus, good communication from inspectorate auditors will help the government implement good governance and prevent financial abuse in government administration.

Professional commitment is a guideline for every auditor to adhere firmly to the principles of the government's internal supervisory code of ethics as a basis for interacting or dealing with SKPD, regional heads, the community, fellow APIP colleagues and other interested parties. Based on Minister of Home Affairs Regulation No. 64 of 2007, the position of the regional inspectorate in the regional government organizational structure is below and is responsible to the regional head. This makes the role of inspectorate auditors face a dilemma of interests with regional heads. Inspectorate auditors are required to carry out their duties in accordance with standards and codes of ethics, but on the other hand, the role of

inspectorate auditors can be intervened by regional heads. Therefore, the inspectorate must have a high professional commitment to maintain the principles of being a professional auditor who adheres strictly to standards and codes of ethics even though it must be under the control of the regional head.

Self-efficacy refers to an individual's belief in his ability to succeed in doing something (Bandura, 1977). A person's belief that he or she has the ability to perform a particular task contributes to better performance (Bandura, 1977; Stajkovic & Luthans, 1998). Someone who has high self-efficacy will try harder to face challenges and never give up (Locke, Frederick, Lee, & Bobko, 1984). Inspectorate auditors must have high self-efficacy in order to motivate themselves to act according to the rules so that the implementation of the audit from planning to reporting the audit results meets the expected audit quality. Even though they have to face various challenges and obstacles in obtaining data and information, conveying findings and follow-up recommendations, auditors will still try to solve them well so that audit objectives can be achieved with quality that can be maintained.

Bedard, Johnstone, & Smith, (2010) suggest that audit quality suggested by regulators and researchers is to categorise audit quality indicators in terms of engagement level indicators versus firm level indicators and in terms of indicators to measure audit quality from input versus audit quality from output. Regarding the most important features of audit quality, Francis (2011) argues that it is more important that individual engagement-level input indicators be aggregated to the firm level. Chadegani (2011) suggested more research on public sector or government sector audit quality to find whether there are relationships, similarities or differences between public sector audit quality and private sector audit quality. Therefore, this study focuses the concept of audit quality on individual auditor-level input factors.

The purpose of this study is to provide empirical evidence regarding the effect of Communication Skills and Professional Commitment on Internal Audit Quality mediated by Self-Efficacy. Indicators of communication skills are adapted from tools to measure communication skills on the mindtolls.com website which are still rarely used in previous studies. In addition, this study

examines the mediating effect of self-efficacy in mediating the effect of professional commitment on audit quality which is also a novelty of this study.

The results of this research contribute to regulators reaffirming in the APIP audit standards and the Indonesian government's internal audit standards (SAIPI) the importance of internal auditors' knowledge and communication skills as mandatory competencies that internal auditors must have. Communication skills are important to be used as one of the main requirements for internal auditors considering that the position of internal auditors is often considered a threat to SKPD and regional heads. Good communication skills are needed to be able to explain to auditees and even regional heads about the role of internal auditors in helping to realize good governance and clean government so that they can provide assurance that regional government administration is running effectively and efficiently in accordance with applicable statutory provisions.

The results of this research also contribute to regulators considering the professional commitment and self-efficacy of internal auditors as basic principles

that an internal auditor must have in audit assignments. Professional commitment and high self-efficacy contribute to improving the quality of internal audit.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

Human Capital Theory explains that the higher the quality of human resources, the higher the efficiency and productivity of a country (Becker, 1962). The postulate of Human Capital theory explains that individuals who make personal investments such as education and training will have an impact on improving the quality of work and productivity. In other words, the higher the quality of human resources, the higher the quality of work. However, this theory does not explicitly explain what factors influence the quality of a person's work.

Becker (1993) said that the dimensions of human capital are the advantages possessed by individuals. Therefore, based on the concept of human capital theory, it can be explained that the advantages possessed by individuals in the form of communication skills, professional commitment and self-efficacy are human capital that can improve the quality of their work.

In the context of regional government internal auditors, Permenpan (2008) provides a statement that audits carried out by government internal auditors are said to be of high quality if they meet audit standards and the APIP code of ethics. General standards stipulate that auditors must have adequate knowledge, skills and other competencies to carry out audit work. One of the competencies of internal auditors is communication skills. Apart from audit standards, auditors are required to comply with a code of ethics which is an inseparable part of audit standards. Internal auditors who have high professional commitment will carry out audits based on audit standards and the APIP code of ethics.

Social cognitive theory is a theory that provides an understanding that changes in human behavior occur through cognitive processes and self-efficacy is a central cognitive strength that provides sub-skills in self-regulation. In other words, self-efficacy motivates someone to take the actions necessary to achieve a certain level of achievement (Bandura, 1997). When an auditor has high self-efficacy, he has strong motivation as a cognitive force that encourages him to take certain actions to achieve audit

quality. Therefore, this study will examine the influence of individual auditor-level input factors such as communication skills, professional commitment and auditor self-efficacy in improving the quality of local government internal audits.

Communication skills are one of the competencies that must be possessed by an auditor to improve audit quality. According to (Duff, 2004), high quality individuals with technical and interpersonal skills are needed to improve audit quality. One of the important skills for auditors to have is communication skills (Duff, 2004; Palmer, 2004). The development of auditor communication skills will increase the auditor's potential and will also improve the quality of the resulting audit (Smith, 2005).

H1: Communication skills have a positive effect on Internal Audit Quality.

According to Greenfield, Norman, & Wier (2008) professional commitment is an important factor in influencing individual behaviour. The internal auditor profession must have a high professional commitment to ensure integrity, independence and freedom from all interests so that the audit carried out is of high quality. Ussahawanitchakit & Intakhan (2011) conducted research on the effect of

professional commitment on the audit quality of tax auditors in Thailand. The results of his research indicate that professional commitment has a positive and significant effect on audit quality. Lord & DeZoort (2001) found that auditors with high professionalism will behave in line with the public interest and will not damage their professionalism. This will improve audit quality.

H2: Professional Commitment has a positive effect on Internal Audit Quality.

Professional commitment is important for internal auditors so that they can carry out their duties in accordance with the standards and rules that apply to their profession. Professional commitment as a personal value variable is a person's determination and loyalty to maintain and carry out his profession according to the professional code of ethics that has been prepared by the profession. The professional commitment of local government internal auditors refers to the commitment of internal auditors to remain guided by the code of ethics of government internal supervisors as stipulated in the APIP audit standards and Local Government Internal Audit Standards. Meanwhile, Bandura, (1997) explains that self-efficacy is an individual's belief in their ability to

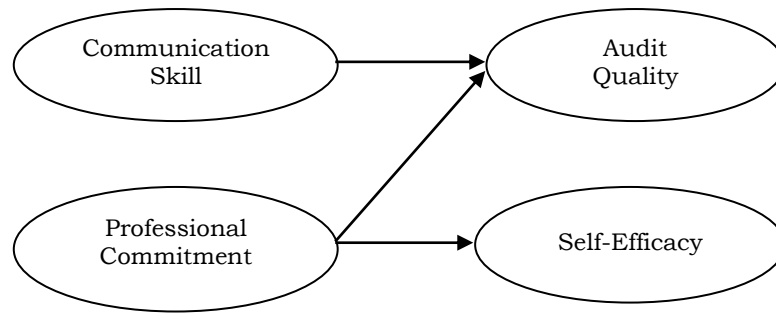
carry out the actions needed to achieve certain achievements. Auditors who have high professional commitment will have strong beliefs to carry out the actions needed to achieve certain achievements.

H3: Auditor Professional Commitment has a positive effect on Self-Efficacy.

Social cognitive theory provides an explanation that self-efficacy is a powerful source of motivation to carry out the actions required for achievement (Bandura, 1997). Self-efficacy is seen as a critical prerequisite of behaviour change. Self-efficacy determines how individuals feel, think and motivate themselves and act. Meanwhile, internal audit quality is the implementation of internal auditor duties that are guided by standards, codes of ethics, legal rules and applicable laws and regulations.

Charkhabi, Abarghuei, & Hayati (2013) found that when people with high self-efficacy face academic problems, they tend not to give up easily and will find useful solutions to fix the problem. Lee, Su, Tsai, Lu, & Dong (2016) conducted a comprehensive survey on professional development and self-efficacy of government auditors in improving audit quality. The results show that





**Figure 1. Research model**

self-efficacy directly affects audit quality.

H4 : Self-efficacy has a positive effect on Internal Audit Quality.

One of the dimensions of human capital is an attitude of concern for the public interest that generates public trust (Becker, 1993). Professional commitment of local government internal auditors as an attitude of concern for the public interest is human capital that contributes to improving performance. Self-efficacy is an individual's belief in his or her ability to succeed in doing something (Bandura, 1997). An auditor's professional commitment will increase his confidence that he is able to carry out his duties to achieve a quality audit. Professional commitment is a source of self-efficacy of internal auditors to succeed in their duties.

H5: Self-efficacy mediates the positive effect of auditor

Professional Commitment on Internal Audit Quality.

The research model is shown in Figure 1.

## **METHOD**

This research is an explanatory research with a survey approach that seeks to explain the causal relationship between variables and their effects through hypothesis testing. In general, data is presented in the form of numbers calculated through statistical tests.

The population of this study were internal auditors of local governments or inspectorates in North Sulawesi province, who had functional auditor positions at all levels of positions and / or other parties who were given full duties, authority, responsibilities and rights by officials authorized to carry out supervision in government agencies. The total population was 220 people spread across the Provincial

Inspectorate Office and 15 Regencies / Cities. The sample uses the Saturated sample method, meaning that all members of the population are used as samples (Sugiyono, 2012).

The data collection technique uses a questionnaire as a tool, both given directly to inspectorate auditors and via google form for inspectorate auditors located in the Islands Regency, namely Sitaro Islands Regency, Sangihe Islands Regency and Talaud Islands Regency. The questionnaire used to measure the variables of Professional Commitment, Self-Efficacy and Audit Quality, uses a Likert scale with 5 alternative answers ranging from strongly disagree to strongly agree. Meanwhile, the communication skills variable uses a detailed rating scale with a 5-point scale ranging from never to very often.

Communication Skills are defined as the skills, abilities and intelligence of auditors in communicating through oral communication, written communication and non-verbal communication, in carrying out their duties as auditors. Oral Communication Skills is the auditor's speaking ability that is able to explain and present ideas clearly to a variety of people by considering cultural differences in communication. Written

communication skills are the ability to write effectively in context and for a variety of readers and purposes through media related to duties as auditors. Meanwhile, non-verbal communication skills are the ability of auditors to strengthen the expression of ideas and concepts through the use of body language, movements, gestures, facial expressions and tone of voice.

Professional commitment is the auditor's love and determination in carrying out the duties assigned based on the rules and norms that exist in his profession which is shown through the profession's self-image as an auditor, emotional attachment to the auditor profession, feeling happy as an auditor, enthusiastic and proud of the auditor profession, difficult to switch from the auditor profession and obeying professional rules and having moral responsibility as an auditor.

Self-efficacy is the auditor's confidence in his ability to carry out audit tasks to achieve a predetermined level of performance. Self-efficacy is shown through self-confidence in terms of the ability to solve problems, carry out tasks to achieve goals, act in unexpected situations, confront new situations, face the difficulties of audit tasks calmly, get ideas to face the

difficulties of audit tasks and the ability to deal with whatever happens in the audit task.

Audit quality is the quality of the auditor's work in carrying out his duties as an internal auditor of local government. Audit quality is shown through the implementation of audits starting from planning and implementation which are guided by applicable standards, codes of ethics, laws and regulations as well as reporting the results of audits and supervision of auditors that are reliable based on predetermined standards and are beneficial to the public interest.

The research instrument test was carried out to obtain confidence that the questionnaire made was valid and reliable. The validity test carried out is a construct validity test using factor analysis. The instrument is considered valid if the anti image correlation coefficient ( $r$ )  $>0.5$  (Hair, Black, Babin, & Anderson, 2010). The reliability test uses an internal consistency reliability approach by calculating the alpha coefficient ( $\alpha$ ). If Cronbach's alpha is greater than 0.6, the research data is considered good enough and reliable to be used as input in the data analysis process (Malhotra, 2004).

The data analysis technique in this study uses Partial Least Square

(PLS), namely the SmartPLS4 application. PLS is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the Structural model.

## **RESULTS AND DISCUSSION**

The questionnaire was distributed to 220 respondents but 136 respondents responded and filled it in completely. Description of respondents based on gender obtained 63 men or 46.3% and 73 women or 53.7%.

Based on the length of time working as an inspectorate auditor, 51 respondents or 37.5% have worked as auditors for 8-11 years and 30.9% or 42 people have worked as inspectorate auditors for 4-7 years. Another 29 people or 21.3% have worked for more than 11 years and the rest or 10.3% have worked for 1-3 years.

Based on the frequency of participating in assignments as inspectorate auditors, most of the respondents or as many as 98 people or 72.1%, have participated in assignments as auditors more than 15 times. Based on the latest education, most of the respondents or as many as 65.4% or 89 people have the latest education of undergraduate or diploma IV.

**Table 1. Operational Definition and Measurement of Variables**

Variable	N	Mean	St. Deviasi
Communication Skill	136	4.1765	0.59482
Professional Commitment	136	4.1838	0.57352
Self-Efficacy	136	3.8971	0.54812
Audit Quality	136	4.3235	0.54273

As many as 50% of respondents or 68 people have the functional position of young auditors and most respondents, namely 59.6% of respondents, act as team members in assignments. Based on the frequency of attending seminars, workshops or PPL, most respondents or 41.9% have attended seminars, workshops or PPL more than 10 times. Most respondents have never been transferred. The Table 1 is a table of descriptive statistics.

Table 1 shows that the standard deviation value of all variables is smaller than the average value. This indicates that all research variables have a normal (good) data distribution.

The R-square of the self-efficacy variable is 0.849 or 84.9%. This shows that the self-efficacy variable can be explained by the professional commitment variable by 84.9%, while the remaining 15.1% is the contribution of other factors not discussed in this study. The R-square of the audit quality variable is 0.934 or 93.4%. This means that the audit quality variable can be explained by the communication skills,

professional commitment and self-efficacy variables by 93.4%, while the remaining 6.6% is the contribution of other factors not discussed in this study.

Evaluation of outer model measurements shows validity values above 0.5 for all indicators. All of these indicators show a loading factor value greater than 0.6. validity is also determined through the AVE (Average Variance Extracted) value. An instrument is said to fulfil convergent validity if it has an AVE above 0.5. The variables of communication skills, professional commitment, self-efficacy and audit quality have an AVE value greater than 0.5. The composite reliability value on the variables of communication skills, professional commitment, self-efficacy and audit quality is greater than 0.7. This means that all indicators that measure the variables of communication skills, professional commitment, self-efficacy and audit quality are declared reliable. Cronbach's alpha value on the variables of communication skills, professional commitment, self-efficacy and audit quality is declared reliable.

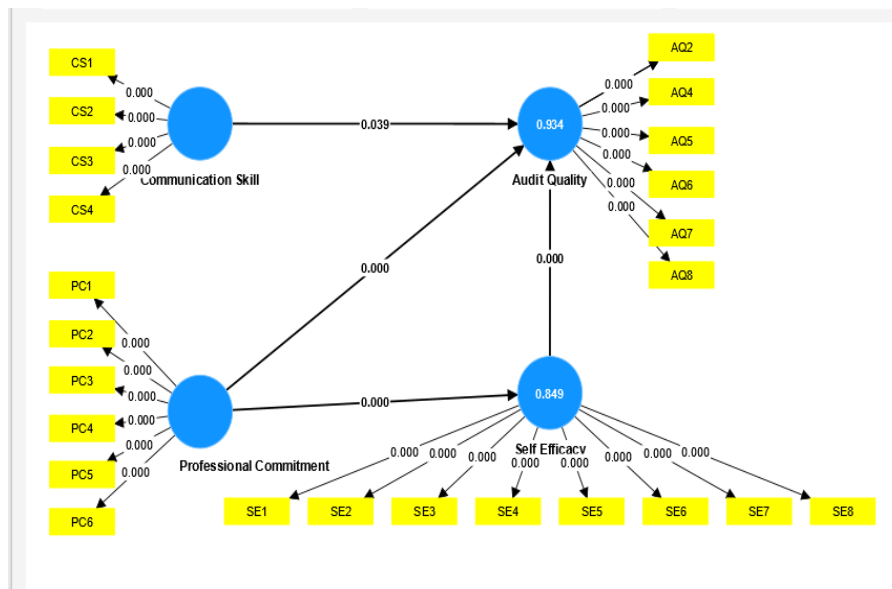


Figure 2. Outer Model Measurement Results

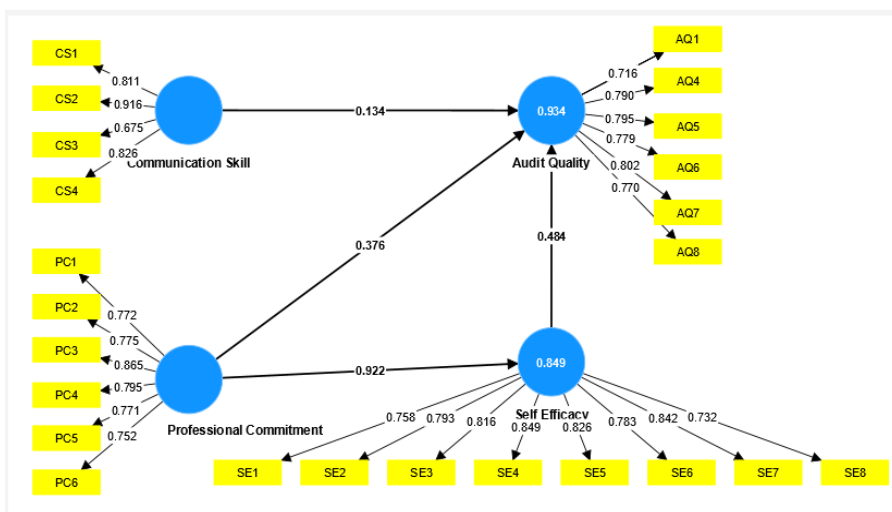


Figure 3. Inner Model Measurement Results

**Hypothesis Testing Results**

Inner model testing is testing the research hypothesis using P Value (Figure 3). The hypothesis is accepted if the P Value <0.05. The effect of communication skills on audit quality produces a path coefficient of 0.134, t statistics of 2.069 and a P Value of 0.039. The test results show that the

path coefficient is positive, t statistic > t table (1.645) and P Value <0.05. This means that there is a positive effect of communication skills on audit quality, so it can be concluded that hypothesis 1 is accepted. This explains that the higher the communication skills possessed by internal auditors, it can contribute to

producing quality internal audits. These results prove that the communication skills instruments adopted from the mindtolls website and then adapted to the communication skills of internal auditors, are able to measure the communication skills of internal auditors. Therefore, communication skills are one of the skills that must be possessed by inspectorate auditors to produce quality audits.

Internal auditor communication skills in terms of communicating things that are not understood in the audit assignment, considering how other people receive what is to be said, seeing the perspective of the person speaking, paying attention to other people's body language when speaking, considering the best way to communicate audit findings and always considering cultural differences Communication is something that influences the realization of a quality audit. Therefore, communication skills are one of the skills that inspectorate auditors must have to produce quality audits. Therefore, in order to achieve a quality audit, an internal auditor is required to have good communication skills.

The results of this study are in line with the opinion of Lee et al. (2016); Piehl (2003); Smith (2005) that

communication skills are needed by internal auditors to be successful in their professional careers and can inspire to achieve common goals as internal auditors. These results are also in line with the opinion of Nelson & Tan (2005) which states that auditors must have adequate communication skills in carrying out a variety of tasks to provide confidence and audit conclusions.

**Hypothesis Testing Results** The effect of professional commitment on audit quality produces a path coefficient of 0.376, t statistics of 4.660 and a P value of 0.000. The test results show that the path coefficient is positive, t statistic > t table (1.645) and P Value < 0.05. This means that there is a positive effect of Professional Commitment on audit quality. This means that the higher the professional commitment of internal auditors, the higher the quality of internal audits carried out. The results of this study are in line with the results of research from Ussahawanitchakit & Intakhan (2011) which found that professional commitment which is the perception of auditors based on loyalty, determination and expectations of a person guided by this system and norms leads auditors to act in accordance with procedures to carry out their duties with quality.

Research Results Azis, Subroto, Rosidi, & Subekti (2016) state that auditors with professional commitment will always use the professional accountant code of ethics every time they interact with clients, the public, colleagues and other parties. Adherence to rules and applying the professional accountant code of ethics contribute to improving quality audits. These results are also in line with (Nelson & Tan, 2005); Jeffrey, Weatherholt, & Lo (1996) and Lord & DeZoort (2001) that internal auditors with high professional commitment are more obedient to the rules, behave in a way that upholds professionalism and the public interest so that this behavior improves the quality of the resulting audit.

The results of testing the hypothesis of the effect of professional commitment on self-efficacy resulted in a path coefficient of 0.922, t statistics of 75.009 and a P value of 0.000. The test results show that the path coefficient is positive, t statistic > t table (1.645) and P Value < 0.05. This means that there is a positive effect of Professional Commitment on Self-Efficacy. This means that the higher the professional commitment of internal auditors, the more their self-efficacy will increase. Jeffrey, Weatherholt, & Lo (1996) reveal that auditors with strong professional

commitment lead to adherence to rules. Adherence to rules is a form of self-belief to behave to achieve success in tasks, as the core of self-efficacy. The professional commitment of internal auditors to carry out their duties in accordance with the APIP Audit Standards and Regional Government Internal Audit Standards as well as carrying out their profession guided by the APIP Code of Ethics has proven to be able to form the self-confidence of internal auditors. Internal auditors become confident that they have the ability to achieve achievements in audit assignments.

Hypothesis Testing Results The effect of self-efficacy on audit quality produces a path coefficient of 0.484, t statistics of 7.021 and a P value of 0.000. The test results show that the path coefficient is positive, t statistic > t table (1.645) and P Value < 0.05. This means that there is a positive effect of self-efficacy on audit quality. This means that the higher the self-efficacy of internal auditors, the higher the audit quality will be. Internal auditors with high self-efficacy have confidence that they can carry out supervision and internal inspection tasks in accordance with APIP Audit Standards and established regulations so that audit quality can be achieved.

The results of this study are in line with social cognitive theory which explains that self-efficacy is an individual's belief in his ability to carry out the actions needed to achieve certain achievements (Bandura, 1997). Research from Lee et al. (2016) also found that elements of self-efficacy possessed by auditors such as positive attitudes towards abilities and professional experience can produce quality audit performance. The results of this study are also in line with Cervone, Jiwani, & Wood (1991); Chen, Gully, Whiteman, & Kilcullen (2000) ; Phillips & Gully (1997); (Randhawa, 2004) who found that self-efficacy is positively related to task performance.

The results of testing the hypothesis of the effect of professional commitment on audit quality through self-efficacy resulted in a path coefficient of 0.446, t statistics of 7.120 and a P value of 0.000. The test results show that the path coefficient is positive, t statistics > t table (1.645) and P Value < 0.05. This means that there is a positive effect of Professional Commitment on Audit Quality through Self-Efficacy. In other words, self-efficacy is able to mediate the effect of professional commitment on audit quality. This means that higher self-efficacy caused by high

professional commitment can realise the achievement of a quality audit.

Professional commitment can shape a person's self-efficacy. Internal auditors who have high professional commitment will increase their confidence (self-efficacy) that they are able to behave to achieve the expected audit quality.

The results of this study support human capital theory and social cognitive theory. Human Capital Theory through this research provides evidence that competence in the form of communication skills and positive attitudes in the form of professional commitment and self-efficacy possessed by local government internal auditors can improve the quality of their internal audits. Meanwhile, Social Cognitive Theory through this research explains that self-efficacy is a cognitive strength that strengthens the motivation of local government internal auditors to carry out audit tasks in accordance with APIP Audit Standards and Indonesian Government Internal Audit Standards, so that audit quality can be achieved.

## **CONCLUSION, IMPLICATION AND LIMITATION**

Based on the results of hypothesis testing, it can be concluded that Professional



Commitment and Communication skills have a positive effect on Audit Quality. The higher the auditor's commitment to adhere to the system and values embraced by the internal auditor profession, the more it can realise the achievement of a quality audit. Furthermore, the higher the Auditor's skill in communicating with the parties involved in the assignment, the higher the resulting audit quality.

Professional commitment and Communication Skills are proven to be human capital resources that must be owned by auditors to produce quality audits. This also proves the novelty in this study that Communication Skills is one of the mandatory competencies that must be possessed by local government internal auditors or inspectorate auditors.

Professional Commitment has a positive effect on internal auditor self-efficacy. This means that the higher the Internal auditor's Professional Commitment, the more his confidence will increase to be able to carry out audit tasks in a quality manner. This proves that Professional Commitment is one of the factors that shape the self-efficacy of internal auditors.

Self-efficacy has a positive effect on Audit Quality. This means that the higher the internal auditor's Self-

Efficacy, the higher the quality of the audit performed by the internal auditor. These results provide an explanation that Self-Efficacy is one of the important factors that motivate auditors to produce quality internal audits. Internal Auditors must have high self-efficacy so that Internal Audit Quality can be achieved.

Professional Commitment has a positive effect on Audit Quality through Self-Efficacy. This means that the higher the Self-Efficacy caused by the higher the Professional Commitment can realise a quality audit. The auditor's Professional Commitment is the auditor's positive attitude towards his profession which can increase the auditor's Self-Efficacy, so that this Self-Efficacy directs the auditor to act to achieve quality audit objectives.

The results of this research contribute to the behavioral accounting literature in terms of providing evidence that auditor behavior through professional commitment and the psychological principle of self-efficacy influence audit results. The results of this research also expand the public sector accounting literature, especially public sector auditing, that regional government internal auditors (Inspectors) are required to have communication skills, professional

commitment and self-efficacy, to achieve audit quality.

The results of this research also have implications for Human Capital theory through the explanation that Professional Commitment and Communication Skills are human capital resources that internal auditors need to produce quality audit work. The results of this research also have implications for Social Cognitive theory that Professional Commitment is a source of Self-Efficacy which can increase internal auditors' self-confidence to carry out quality audit work. The important role of Self-Efficacy is also demonstrated through the mediating influence of Professional Commitment on Audit Quality.

The results of this study contribute to the literature of behavioural accounting, public sector accounting and auditing, especially the study of Audit Quality of local government internal auditors (Inspectorate). The results of this study also have implications for Human Capital theory through the explanation that Professional Commitment and Communication Skills are human capital resources needed by internal auditors to produce quality audit work.

The results of this study provide input for Regional Heads and

Heads of Inspectorate Offices (Inspectors) of Provincial, District and City governments to evaluate the Quality of Internal Audits through Professional Commitment and Communication Skills of Internal Auditors. Thus, this research can be used as a source of study in determining the requirements for the selection of Local Government Inspectorate Auditors.

The results of this study contribute to regulators to reaffirm in the APIP Audit Standards and Indonesian Government Internal Audit Standards the importance of Internal Auditor Communication Skills as a mandatory competency that must be possessed by internal auditors. Communication skills are important to be used as one of the main requirements for internal auditors considering that the position of internal auditors is often considered a threat to SKPD and regional heads. Good communication skills are needed to be able to explain to auditors and even regional heads about the role of internal auditors in helping to realise good governance and clean government so as to provide assurance that local government administration runs effectively and efficiently in accordance with applicable statutory provisions. In addition, regulators can consider the

Professional Commitment and Self-Efficacy of internal auditors as the basic principles of an internal auditor in audit assignments.

This research is limited to government internal auditors in North Sulawesi Province. Future researchers can expand the research to all provinces in Indonesia so that the generalization area of the research becomes wider. Another limitation is that respondents did not respond to questionnaires in Google form, so future researchers should go directly to respondents and provide printed questionnaires.

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