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Hello,

Hajering Hajering has submitted the manuscript, " Audit Quality Model Moderated by Professional Skepticism: Determinants of Professional Ethics and Auditor Experience" to Theoretical and Practical Research in Economic Fields.

If you have any questions, please contact me. Thank you for considering this journal as a venue for your work.

Laura UNGUREANU

The following message is being delivered on behalf of Theoretical and Practical Research in the Economic Fields.

Artikel yang disubmit:

Audit Quality Model Moderated by Professional Skepticism: Determinants of Professional Ethics and Auditor Experience

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ABSTRACT

This study is a scientific study that examines the impact of auditors' experience and professional ethics on audit quality using professional skepticism as a moderating variable. Experience as an auditor improves auditors' ability to detect fraud, and professional ethics helps auditors maintain integrity. Both factors have a significant impact on professional skepticism, which refers to the careful and critical attitude that auditors take when evaluating evidence and making decisions. This study was conducted by the South Sulawesi Provincial Audit Board in early 2024. The study population consisted of all auditors in the city of Makassar. Sampling was conducted using a census method, and all 35 respondents were used as the study sample. Field research methods were used in this study. The analysis showed that the auditor's experience and professional ethics have a positive and significant impact on audit quality. In addition, the mediation analysis showed that professional distrust has a positive and significant mediating effect on the relationship between auditor experience, professional ethics, and audit quality (South Sulawesi Board of Audit). This study is believed to contribute to the development of an ideal model that can mediate the relationship between auditor experience, professional ethics, and audit quality.

keywords: *Auditor experience, Audit quality, Moderating variable, Professional ethics, Professional skepticism*

INTRODUCTION

With the frequent occurrence of financial scandals, the implementation of audits is very important as a bridge to build public trust and ensure the fairness of financial statements. However, many public accountants have been implicated in financial scandals, often neglecting the quality of their audits (Trihapsari & Anisykurlillah, 2016). Audit quality plays a vital role in fostering trust, maintaining a healthy investment climate, and ensuring transparency across nations (Yunianti et al., 2021). Auditors must produce high-quality audit reports that comply with generally accepted accounting principles (Rosini & Hakim, 2021; Trihapsari & Anisykurlillah, 2016).

According to the concept of regional autonomy outlined in [Law Number 22 of 1999](#), there was a fundamental shift in the mechanisms of government administration, leading to significant changes in state financial management. Regional governments are now responsible for managing their own financial resources (Jurnaedi et al., 2014). To achieve *good governance*, regional financial management must be monitored and audited. This is where the inspectorate plays a critical role in supervising and reviewing the financial

management of regional governments. The regional inspectorate functions similarly to internal auditors in conducting general oversight activities for local governments (Jurnaedi et al., 2014).

According to the Regulation of the Minister for Administrative Reform [No. PER/05/M.PAN/03/2008](#), the measurement of audit quality on financial statements, particularly those conducted by the inspectorate as the internal government auditor, must adhere to the Standards of State Financial Auditing (SPKN). Over time, the scope of auditing has expanded beyond just financial statement audits to include compliance audits, operational audits, and fraud audits. Weaknesses in the Internal Control System (SPI) often arise when responsible officials fail to accurately record transactions and do not follow the established procedures (Susilawati, 2014). This issue is also evident in the performance of the Inspectorate of West Sumatra, where financial management oversight is still considered weak.

This indicates that the audit results used by the local government inspectorate have not yet produced good audit quality, as seen from the findings by the Supreme Audit Agency (BPK) regarding the local government's financial statements. Moreover, there are still lapses in the field that prevent the budget from being aligned with the existing planning. To achieve this expertise, formal education is necessary, supported by practical experience, which is then applied in the audit process. An auditor's maturity in conducting audits depends not only on the knowledge gained during education but also on the experience accumulated during financial examinations. One way to improve audit quality is by ensuring that auditors have sufficient experience. Research conducted by (Kusharyanti, 2003) states that experienced auditors have a better understanding of financial statements. This finding aligns with the research by (Dasila & Hajering, 2019), which shows that experience has a direct influence on the quality of audits performed by public accountants. The longer an auditor works, the more experience they gain, which in turn encourages them to broaden their knowledge in the field of auditing. This suggests that the more experience an auditor has, the higher the quality of the audit they produce (Ningrum & Budiarta, 2017).

This study seeks to bridge critical gaps in the existing literature on audit quality by exploring the combined influence of professional skepticism, auditor experience, and ethics on the quality of financial audits. While prior studies (e.g., Nelson, 2009; Glover & Prawitt, 2014) have emphasized the role of skepticism in detecting misstatements, few have integrated these factors into a unified framework to assess their collective impact on audit quality. Moreover, most research has focused on external audits, with limited exploration of internal auditors' roles, particularly within government institutions where regulatory frameworks differ (Jurnaedi et al., 2014). This study addresses the novel

research gap by: Examining how skepticism, experience, and ethics interact in shaping audit quality, Exploring differences between internal and external auditors in applying professional skepticism, and Assessing the moderating role of regulatory environments on audit quality. By addressing these aspects, the study contributes to the field by offering a holistic model that can be used to improve auditing standards and practices across various industries.

The implementation of audits is critical in ensuring transparency and maintaining public trust, particularly in light of recurring financial scandals where auditors have been implicated in fraudulent activities (Trihapsari & Anisykurlillah, 2016). Audit quality plays a significant role in fostering investor confidence and ensuring the reliability of financial statements across different economic sectors (Yunianti et al., 2021). However, despite the emphasis on audit quality, prior research has primarily focused on individual factors such as professional skepticism, auditor experience, and ethical compliance in isolation, without integrating these factors into a comprehensive analytical framework (Nelson, 2009; Glover & Prawitt, 2014). The more experience auditors have, the longer they work, which in turn encourages them to expand their knowledge in the audit field. This suggests that the more experience auditors have, the higher the quality of audit results (Ningrum & Budiarta, 2017).

Another factor that affects the quality of audit is professional ethics. Compliance with professional ethics in the audit process is one of the elements that affects the quality of the audit. In the auditing industry, the values and norms that govern professional behaviour are established through a code of ethics that is regulated by a competent authority. According to (Murwanto et al., 2008; Lubis & Meutia, 2019), a code of ethics is a set of values and norms that govern ethical behaviour in a profession through written rules that each member must follow and sanctions imposed on those who violate the rules (N. K. Lubis & Meutia, 2019).

The Code of Ethics for Professional Accountants describes several important principles that auditors must follow in addition to the technical standards that guide their work. These principles and standards aim to help auditors perform their duties to the highest possible standards. According to (Najib, 2013), ethical behavior plays a crucial role in enhancing audit quality, emphasizing that the adherence to professional ethics positively impacts the outcome of audits. Auditors who consistently follow the rules and ethical guidelines significantly contribute to improving audit quality (M. Lubis & Kuntadi, 2023). Research by (Fransiska, 2014) supports this view, demonstrating that ethics has a significant positive effect on audit quality. However, studies by (Nurjanah & Kartika, 2016; Syafitri, 2014) have found that auditor ethics have no measurable impact on audit quality (Nurjanna, 2016).

On the other hand, scepticism plays a key role in detecting errors or irregularities and ensuring audit quality, especially as financial statements become more complex. Many accounting scandals are linked to the auditor's inability to satisfactorily analyse clients' financial statements. An important factor contributing to this failure is the low level of professional scepticism among auditors, which can undermine the credibility of financial statements. This, in turn, affects public confidence in the quality of financial statements and audit results. High-quality financial statements are crucial for stakeholders as they form the basis for important business decisions (Fatmawati et al., 2018).

Professional scepticism, which involves a critical attitude and in-depth evaluation of audit evidence, is recognised as an important factor in improving audit quality. According to Nelson (2009), professional scepticism enables auditors to correctly perceive the standards of evidence and make decisions based on unbiased evaluations. However, it also requires a balance between gathering additional evidence and the effectiveness of the audit process. Furthermore, (Hurtt et al., 2013) showed that professional scepticism is influenced by the auditor's personal characteristics, work situation, and pressures from the external environment such as regulations and client expectations. The study confirmed that auditors who consistently apply professional scepticism are better able to detect the risk of material misstatement and avoid audit failures.

In addition, the 'continuum of scepticism' approach proposed by (Glover & Prawitt, 2014) highlights the importance of applying different levels of scepticism depending on the risks identified in the audit. This suggests that applying professional scepticism not only improves audit quality, but also provides a basis for auditors to dynamically adjust their strategies in response to changing audit conditions. This study reveals a research gap that supports the importance of professional scepticism as a key factor in building reliable and effective audit quality, given the influence of auditors' experience and professional ethics. This study seeks to fill a gap in existing research by examining how professional scepticism, auditor experience and ethics interact to shape audit quality. Previous studies have focused on professional scepticism in fraud detection and misstatement identification (Hurtt et al., 2013), but have largely neglected the influence of experience and ethical standards that strengthen or weaken this relationship. In addition, the role of internal auditors, especially in government entities, has been under-represented, as most studies have focused on external audits (Jurnaedi et al., 2014).

This research improves upon past studies by integrating skepticism, experience, and ethics into a unified framework to assess their combined impact on audit quality. This holistic approach considers how cognitive traits, technical expertise, and ethical commitment interact in audit decision-making. Unlike prior studies that mainly focus on external auditors, this study also examines internal auditors working in government

institutions, evaluating whether their regulatory environment affects their levels of skepticism, ethical adherence, and experience.

Furthermore, this research incorporates a cross-country comparison to analyze how differences in audit regulations influence audit quality (Svanberg & Öhman, 2016). By understanding these variations, the study provides insights into how legal frameworks shape audit practices globally. Additionally, an industry-specific analysis explores whether audit quality determinants vary across sectors such as financial services, manufacturing, and government audits. Unlike previous studies that treat audits as uniform across industries, this study examines how different risk environments influence skepticism, experience, and ethics in the auditing process.

THEORITICAL FRAMEWORK

Attribution Theory

Attribution theory provides a framework for understanding human behaviour and interaction and is therefore highly relevant to psychology, education, management and other fields. Attribution theory is a concept in social psychology that explains how people interpret and attribute the behaviour of themselves and others. This theory was developed by. This theory helps us to understand whether people attribute their behaviour to internal factors (such as personality or effort) or external factors (such as environment or luck). The main components of attribution theory are: (1) Internal attribution (personality): Behaviour is attributed to internal characteristics of the individual, e.g. personality, motivation or abilities: 'He was successful because he is clever and works hard'. (2) External attribution (situational): Behaviour is attributed to external factors, e.g. environment, social pressure or opportunities: 'He failed the exam because the questions were too difficult'. (3) Kelley's Covariation Model: (Kelley et al., 1967) proposed three dimensions to determine whether a behavior is internally or externally attributed: Consensus: Do others behave the same way in this situation? Consistency: Does this person always behave this way in similar situations? Distinctiveness: Does this person behave differently in other situations? Weiner's Attribution Theory: (Weiner & Kukla, 1970) applied attribution theory to achievement and motivation, focusing on three dimensions: Locus of Causality: Is the cause internal or external?; Stability: Is the cause stable or unstable over time?; Controllability: Can the cause be controlled or not?; Example: A student who fails a test might attribute the failure to "bad luck" (external, unstable, uncontrollable) or "lack of preparation" (internal, unstable, controllable). In the Practical Applications especially on Workplace: Explains employee reactions to feedback, success, or failure, shaping strategies for leadership and management.

(Dayakisni & Hudaniah, 2006) states that attribution is the process of seeking answers to questions such as 'why' or 'what causes' certain behaviors, whether of others or oneself. This process helps us understand the reasons behind behavior, particularly those related to individual attitudes and characteristics. The role of an auditor in providing audit reports is highly influential in shaping decisions made by stakeholders, who expect

accurate and high-quality financial statements. Researchers suggest that the quality of audit reports may be influenced by the internal and external characteristics of the auditor. This study applies attribution theory to analyze individual behaviors and better understand how auditors produce high-quality audit reports. Attribution theory is used here to conduct an empirical study of the factors influencing auditors' performance, particularly their personal characteristics.

An auditor's personal characteristics play a crucial role in determining the quality of audit outcomes, as these internal factors drive their actions. One such internal factor is ethics, which guides auditors in fulfilling their responsibilities to society, peers, clients, and professional standards (Zarefar & Zarefar, 2016). Beyond ethics, religiosity also significantly affects an auditor's rationality. A higher level of religiosity, which stems from deeply internalized religious teachings, can positively impact auditors' rational decision-making and behavior in their professional and daily lives (Nainggolan et al., 2019).

Audit Quality

Audit quality can be defined as the effectiveness of the audit process in reducing discrepancies between information provided by managers and what shareholders expect, using a third party to verify the financial statements. According to (DeAngelo, 1981), audit quality is the probability that an auditor will detect and report any violations in the client's accounting system. (Arens, 2012) outline five principles that must be upheld by public accountants: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Additionally, public accountants must adhere to the Standards of Public Accounting Profession (SPAP), which include general standards, fieldwork standards, and reporting standards ([SA Section 150 in SPAP, 2011](#)).

The study by (Munari, 2020) shows that the quality of audits conducted by the inspectorate plays a crucial role in supporting fiscal transparency and local government accountability. The competence of internal auditors, including their experience and educational background, significantly impacts audit quality. For example, a study in Lampung found that a higher level of competence of internal auditors, evidenced by a diploma and professional training, has a positive impact on the quality of audits and accountability of local government financial reporting. In addition, the quality of internal audit is also related to compliance with Government Auditing Standards (GAAS). The implementation of these standards helps to improve the reliability of reporting by ensuring that objective evidence is collected and verified. The study shows that the oversight function of audit is not only aimed at detecting weaknesses but also at improving the efficiency and effectiveness of public financial management.

Interrelationship Between Variables

Auditing Concept

According to Agoes (2018), an audit is a critical and systematic review of an entity's financial statements prepared by management and performed by an independent party. This examination includes the accounting records and other supporting evidence to

express an opinion on the fairness of the company's financial statements (Marclanta, 2018). A study published in *the International Journal of Auditing* found that the adoption of International Financial Reporting Standards (IFRS) is associated with higher audit costs, reflecting the increased complexity of audits and the need for more detailed audits (Kim et al., 2010).

Ethics

The Greek word "ethics" consists of two words: *ethos*, which means habit or habitual, and *ethhiokos*, which means the inner feelings or moral inclinations that guide human behaviour (Suraida, 2005). Ethics is essentially a complex process that determines how an individual should act in a given situation; according to Arens et al (2008), ethics is broadly defined as principles or moral values (Zailia, 2013). An analysis of international accounting ethical codes highlights the importance of principles such as honesty, objectivity, professional competence, confidentiality and professional conduct as guidelines for accountants worldwide (Suraida, 2005).

Professional Ethics

Ethics is generally defined as a set of principles or moral values that establish a behavioral standard (Arens et al., 2008). Auditors must recognize the importance of ethics as a form of responsibility to society, clients, and fellow practitioners. Professional ethics encompass commendable behavior, even when it may require personal sacrifice (Fatmawati et al., 2017). Research indicates that professional ethics significantly influence audit quality. Auditors who adhere to ethical codes tend to produce higher-quality audits (Fatmawati et al., 2017).

Auditor Experience

The Indonesian Institute of Accountants states that audits should be conducted by individuals with sufficient technical expertise and training as auditors. According to Konvinna and Betri (2014), experience is a learning process and an enhancement of behavioral potential through both formal and informal education. Experience can also be defined as a process that elevates an individual to a higher behavioral pattern. Hanjani and Rahardja (2014) found that auditors with varying levels of experience will differ in how they perceive, interpret, and respond to information obtained during an audit (Megayani et al., 2020). Other studies suggest that auditor experience significantly impacts audit quality, with more experienced auditors being more competent in detecting errors and fraud (Megayani et al., 2020).

Professional Skepticism

An auditor with professional skepticism will not immediately accept a client's explanations but will instead ask questions to obtain reasons, evidence, and confirmation regarding the issue in question. Professional skepticism enables auditors to select effective audit procedures to arrive at an accurate audit opinion (Noviyanti, 2008). Professional skepticism is influenced by several factors, including expertise, experience, the audit situation, and ethical considerations (Gusti & Ali, 2008). Research shows that professional scepticism plays an important role in improving audit quality. Auditors who apply

professional skepticism are more effective in detecting fraud and errors in financial statements (Gusti & Ali, 2008).

Based on the above explanation, the conceptual framework in our research is presented in the following figure:

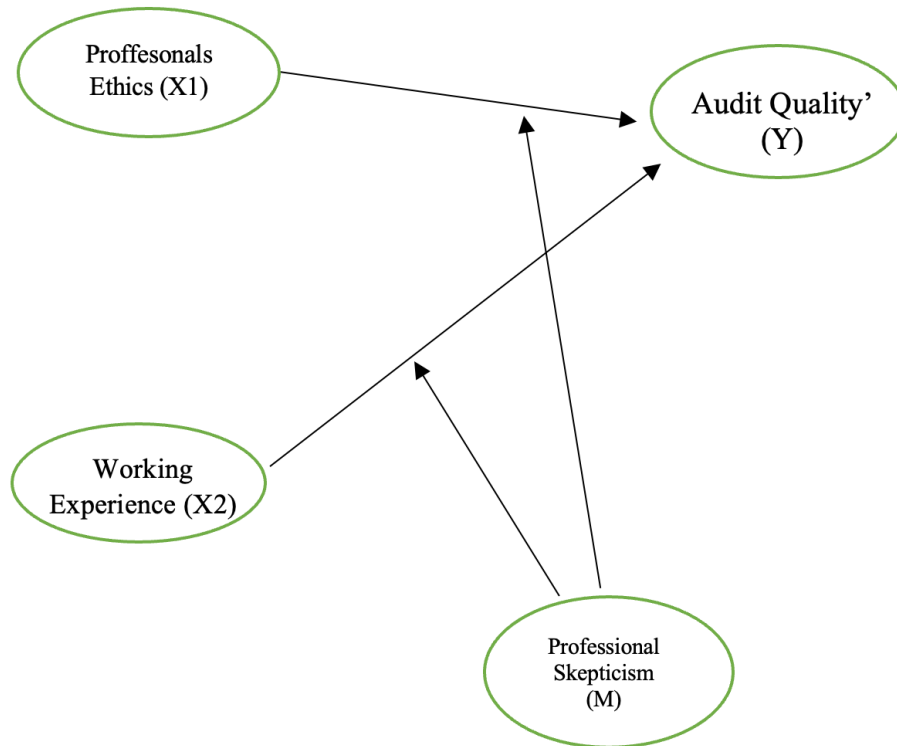


Figure 1 Research Framework

Research Hypotheses

H1: Professional ethics have a significant positive effect on audit quality.

Upholding rules and professional ethics in performing audit duties is a crucial factor influencing audit quality. In the public accounting profession, values and norms that serve as guidelines for professional duties have been established by the government in the form of the accountant profession's code of ethics. Oktarini and Ramantha (2016) state that the code of ethics establishes fundamental principles and ethical rules that must be implemented by every individual in their professional duties. Every practitioner is required to adhere to and apply all the fundamental principles and ethical rules stipulated in the professional code of ethics (Accountant Profession Code of Ethics, 2010). A study by Haeridistia and Fadjarenie (2019) found that professional ethics significantly influence audit quality.

H2: Auditor experience has a significant positive effect on audit quality.

An experienced auditor is better equipped to find solutions to problems encountered during audits due to handling numerous cases. The experience of auditors also improves their understanding of national accounting standards, which influences their behaviour in the

performance of their duties and is expected to improve the quality of the audit. Putri (2020) argues that auditors with a high level of experience have an advantage when performing audits, which allows them to quickly identify errors made by the audited entity. A study by Kuntari et al. (2017) showed that audit experience has a significant impact on audit quality.

H3: Professional skepticism strengthens the positive influence of professional ethics on audit quality.

Professional skepticism is a necessity in every audit assignment. Audits must provide reasonable assurance that audit evidence is sufficient and appropriate to support the auditor's findings and conclusions. An independent mindset, impartiality, and honesty are crucial for auditors to maintain their independence and produce high-quality audits. Theodorus (2013) asserts that a critical assessment mindset that constantly questions and evaluates the validity of audit evidence is essential for detecting fraud. Research by Haeridistia and Fadjarenie (2019) confirmed that professional skepticism has a significant impact on audit quality.

H4: Professional skepticism strengthens the positive influence of auditor experience on audit quality.

Professional scepticism involves constantly asking questions, exercising caution when detecting errors or deliberate misstatements, and making fundamental judgements based on audit evidence. Attamimi and Ridwan (2015) explain that the accountant's professional scepticism is crucial because the public relies on audited financial statements when making decisions. According to Tawakkal (2019), professional scepticism promotes the professional competence of the accountant, which in turn increases the accuracy of judgement and indirectly improves the quality of the audit opinion. A study by Kuntari et al. (2017) showed that professional scepticism has a significant effect on the quality of the audit

METHODS

This study used structural equation modelling (SEM) and partial least squares (PLS) quantitative methods to analyse the relationships between variables. SEM-PLS is a variance-based structural equation modelling technique suitable for small sample sizes and exploratory research (Hair et al., 2014). This study included 35 respondents from the Makassar City Prosecution Office, and SEM-PLS was an appropriate choice due to its robustness in handling small sample sizes (Henseler et al., 2016). The data analysis process begins with data processing, where the dataset is cleaned to remove incomplete responses or outliers, followed by descriptive statistics to summarise demographic trends and respondent characteristics (Sarstedt et al., 2017).

Next, the measurement model or external model is evaluated to ensure the reliability and validity of the construction. This includes verifying internal consistency using Cronbach's alpha and composite reliability (CR), both of which should be above 0.7, and ensuring item loadings above 0.7 for indicator reliability. Convergent validity was confirmed when the average variance extracted (AVE) exceeded 0.5, while discriminant validity was assessed using the Fornell-Larcker criterion or the heterotrophic unit ratio (HTMT),

which should be less than 0.85 (Hair et al., 2019). Following the evaluation of the measurement model, the structural or intrinsic model was examined by analysing the path coefficients, which indicate the strength and direction of the relationships between the components. Hypothetical tests were conducted by bootstrapping 500-5000 subsamples to assess the significance of the relationships, where p-values below 0.05 were considered statistically significant (Chin, 1998). The explanatory power of the model was assessed using the R^2 value, and the predictive relevance was assessed using the Stone-Geisser Q^2 test (Geisser, 1974; Stone, 1974).

The model fit was confirmed using indicators such as standardised root mean square (SRMR), and a good fit should be less than 0.08 (Hu & Bentler, 1999). After the analysis is completed, the results will be presented in the form of tables and graphs, including loadings, path coefficients and indices of model fit. The results are discussed in the context of the research hypotheses, focusing on the effect of variables such as professional ethics, auditor experience, scepticism and audit quality etc. SEM-PLS provides insight into quantitative and structural relationships, making it an effective tool for analysing complex models in studies with limited sample size (Henseler et al., 2009).

RESULT and DISCUSSION

In this study, descriptive statistical analysis is used to summarise and provide an overview of the research variables, including their central tendencies, spread and distribution. This analysis helps to understand the characteristics of the data and provides valuable insights before proceeding with statistical tests (Hair et al., 2014). The descriptive statistics for the research variables are shown in the table below and provide a clear representation of the data used in this study.

Table 1 Statistics Descriptive Result

Variables	Indicator	Scale	Descriptive Research Variables		
			N	Mean	Std Deviaton
Professional Ethics	1. The personality of an auditor, including traits such as integrity, honesty, and independence, is fundamental to ethical behavior.	ordinal	35	3.80	.41380
	2. thical standards demand that auditors possess the necessary knowledge, skills, and expertise to perform their duties effectively.				
	3. Auditors have a responsibility not only to their clients but also to the public, ensuring that financial information is				

	accurate and fair.			
	4. A formalized code of conduct provides a framework for acceptable auditor behavior.			
Auditor Experience	1. The length of time an auditor has been in practice contributes significantly to their ethical judgment and decision-making abilities.	ordinal		
	2. The number of tasks or engagements an auditor has undertaken reflects their practical exposure and technical expertise.		35	3.25 .46787
Professional skepticism	1. Personal attributes such as integrity, independence, and diligence are fundamental to professional skepticism.	ordinal		
	2. A proactive and questioning attitude is critical for fostering professional skepticism.			
	3. Professional skepticism is enhanced by an auditor's knowledge and experience.		35	4.00 .51697
	4. The ability to critically evaluate evidence and assess its sufficiency and appropriateness is a cornerstone of professional skepticism.			
Audit quality	1. An auditor's ability, encompassing both technical expertise and analytical skills, is fundamental to their effectiveness.	ordinal		
	2. Professional commitment reflects an auditor's dedication to their profession and ethical principles.		35	3.43 .48765
	3. Motivation plays a critical role in driving auditors to maintain high standards of performance and ethical behavior.			
	4. Job satisfaction is closely linked to an auditor's overall			

Table 1 presents the descriptive statistical results for the variables in this study, which include the following:

- **Auditor Ethics (X1):** The data shows that the Auditor Ethics variable has a minimum value of 3.80, a maximum value of 5, and a mean of 4.5771. This mean falls within a scale indicating a response choice of "strongly agree." The standard deviation is 0.41380, suggesting a moderate level of variation from the average responses among respondents.
- **Auditor Experience (X2):** For Auditor Experience, the variable has a minimum value of 3.25, a maximum value of 5, and a mean of 4.5857. Similar to Auditor Ethics, this mean indicates a response choice of "strongly agree." The standard deviation is 0.51697, reflecting a slightly higher variation compared to Auditor Ethics.
- **Professional Skepticism (M):** The Professional Skepticism variable has a minimum value of 4, a maximum value of 5, and a mean of 4.4603. This mean also indicates a response choice of "strongly agree." The standard deviation of 0.46765 signifies a moderate level of deviation from the mean response.
- **Audit Quality (Y):** The Audit Quality variable shows a minimum value of 3.43, a maximum value of 5, and a mean of 4.2082. This mean indicates that respondents generally "strongly agree" with statements related to audit quality. The standard deviation of 0.46787 reflects moderate variation in responses.

These descriptive statistics provide a clear overview of the central tendencies and variations within the responses for each variable, serving as a foundational step for further analysis in this study.

Structural Equation Model (SEM) Testing

The primary analytical method employed in this study is Structural Equation Modeling (SEM). The testing process is conducted using the SmartPLS 3.0 software, which facilitates the analysis of complex relationships between variables and their indicators. The SEM approach integrates both the measurement model and the structural model, allowing for a comprehensive evaluation of the hypothesized relationships. Figure 3 presents the results of the Full Model SEM analysis performed using the Partial Least Squares (PLS) method, providing insights into the validity, reliability, and path coefficients of the study's constructs.

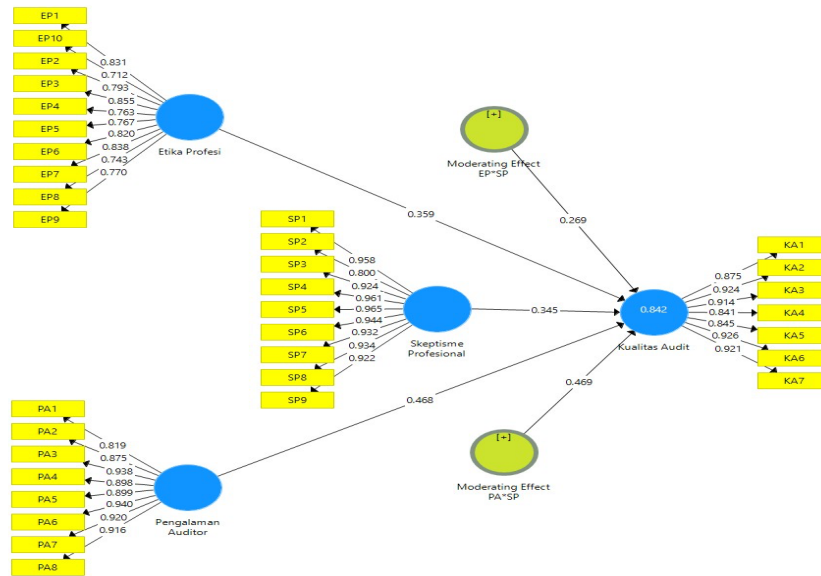


Figure 2 SEM Full Model Test Using smart PLS

Based on the test results using smart PLS as shown in Figure 2, it can be seen that there is no loading factor value below 0.50, so there is no need to drop data to remove indicators with a loading value below 0.50 in order to obtain a good model.

Outer Model

Three measurement criteria are used in the data analysis technique using Smart PLS to assess the model. The three measurements are convergent validity and composite reliability and discriminant validity.

Table 2 Validity and Reliability

Variables	Indicators	r-calculated	Cronbach Alpha	Result
Professional Ethics	EP.1	0.831	0.934	Valid and Reliable
	EP.2	0.793		
	EP.3	0.855		
	EP.4	0.763		
	EP.5	0.767		
	EP.6	0.820		
	EP.7	0.838		
	EP.8	0.743		
	EP.9	0.770		
	EP.10	0.712		

Auditor Experience	PA.1	0.819	0.968	Valid and reliable
	PA.2	0.875		
	PA.3	0.938		
	PA.4	0.898		
	PA.5	0.899		
	PA.6	0.940		
	PA.7	0.920		
	PA.8	0.916		
Professional skepticism	SP.1	0.958	0.979	Valid and reliable
	SP.2	0.800		
	SP.3	0.924		
	SP.4	0.961		
	SP.5	0.965		
	SP.6	0.944		
	SP.7	0.932		
	SP.8	0.934		
	SP.9	0.922		
Audit Quality	K A.1	0.875	0.958	Valid and reliable
	K A.2	0.924		
	K A. 3	0.914		
	K A. 4	0.841		
	K A. 5	0.845		
	K A. 6	0.926		
	K A. 7	0.921		

According to the above table, the estimated results of the external loading test using PLS for indicators such as auditor ethics, auditor experience, professional scepticism and audit quality show that the load factor for each reflective indicator is greater than 0.70, indicating that all the constructed indicators are valid. This shows that all indicators can effectively measure their respective constructs. The results of the reliability test also show strong consistency, with each variable's Cronbach's Alpha value exceeding the critical minimum of 0.70. In addition, the average variance extraction (AVE) of all constructs exceeds 0.50, ensuring the high consistency and stability of the instrument. This shows

that auditor ethics, auditor experience, professional scepticism and audit quality are reliable measurement tools for assessing the issues of each construct with a high degree of reliability. Discriminant validity refers to the principle that different constructs should not be highly correlated. Discriminant validity is tested by comparing the square root of the mean AVE with the correlation value between the constructs, using the reflector index. If the square root of the AVE is higher than the correlation value between the constructs, the criterion for discriminant validity is met (Ghozali 2015). These results confirm that the measurement model fits well and has valid and reliable constructs that can be used for further structural model analysis.

Table 3 Discriminant Validity

	Professional Ethics	Audit Quality	Moderating Effect EP*SP	Moderating Effect PA*SP	Auditor Experience	Professional skepticism
Professional Ethics	0.791					
Audit Quality	0.488	0.893				
Moderating Effect EP*SP	-0.020	0.363	1.000			
Moderating Effect PA*SP	-0.041	0.512	0.155	1.000		
Auditor Experience	-0.073	0.403	-0.053	0.108	0.902	
Professional skepticism	0.542	0.461	0.322	-0.084	-0.228	0.928

As shown in Table 3, the diagonal values indicate the square root of the AVE, while the values below the diagonal indicate the correlation between the structures. The results show that the square root of AVE is always higher than the correlation between structures, confirming that the model meets the discriminant validity criteria. This indicates that each structure is independent and not highly correlated with the other structures, thus ensuring the validity of the measurement model.

Inner Model

An internal model (also known as an internal relationship, structural model or content theory) describes the relationships between latent variables based on an underlying theoretical framework. This model provides the basis for testing hypotheses and analysing how constructs interact in the research context, ensuring that structural relationships are consistent with established theoretical principles.

Table 4 R-Square Construct Variable

	R Square	R Square Adjusted
Audit Quality	0.842	0.815

From Table 4, the R-Square value for the Audit Quality variable is 0.842, indicating that it falls within the high category. This means that 84.2% of the variation in Audit Quality can be explained by the variables Professional Ethics and Auditor Experience, with Professional Skepticism acting as a moderating variable. The remaining 15.8% is influenced by other factors not included in this study, such as workload, time pressure, and other external variables. This high R-Square value suggests that the model provides strong explanatory power for the determinants of audit quality.

Table 5 Path Coefficient Analysis

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Information
Professional Ethics → Audit Quality	0.359	0.369	0.101	3.573	0.000	Approved
Auditor Experience → Audit Quality	0.468	0.453	0.118	3.978	0.000	Approved
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	
Moderating Effect EP*SP → Audit Quality	0.269	0.273	0.122	2.211	0.028	Approved
Moderating PA *SP fee audit → Audit Quality	0.469	0.464	0.107	3.393	0.000	Approved

Hypothesis Testing Results

Based on the inner weight values, which include Professional Ethics (X1) and Auditor Experience (X2), the partial effect on Audit Quality (Y) can be analyzed as follows:

1. Hypothesis Testing 1 (H1)

The first hypothesis states that professional ethics have a positive and significant effect on audit quality. Table 18 shows that the professional ethics variable has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 3.573, which is greater than 1.96. The parameter coefficient is +0.359, indicating a positive relationship between professional ethics (X1) and audit quality (Y). This means

that for every one-unit increase in X1, audit quality (Y) will increase by 0.359, assuming other independent variables remain constant. The positive coefficient confirms that professional ethics directly improve audit quality. Therefore, H1 is accepted, reinforcing the idea that higher professional ethics lead to better audit quality.

2. Hypothesis Testing 2 (H2)

The second hypothesis suggests that auditor experience has a positive and significant effect on audit quality. Table 18 indicates that the auditor experience variable has a significance level of 0.000 (less than 0.05) and a t-statistic value of 3.978, which is greater than 1.96. The parameter coefficient is +0.468, signifying a positive relationship between auditor experience (X2) and audit quality (Y). This implies that for every one-unit increase in X2, audit quality (Y) will increase by 0.468, assuming other independent variables remain constant. The positive coefficient confirms that increased auditor experience leads to enhanced audit quality. Thus, H2 is accepted, proving that more experienced auditors contribute to higher audit quality.

3. Hypothesis Testing 3 (H3)

The third hypothesis examines whether professional ethics positively and significantly influence audit quality when moderated by professional skepticism. Table 19 reveals that professional ethics has a significance level of 0.028, which is less than 0.05, and a t-statistic value of 2.211, exceeding 1.96. The parameter coefficient is +0.269, indicating that when professional ethics (X1) increase by one unit and are moderated by professional skepticism (M), audit quality (Y) increases by 0.269, with other independent variables held constant. The positive coefficient suggests that professional skepticism strengthens the relationship between professional ethics and audit quality. Therefore, H3 is accepted, indicating that professional ethics positively and significantly impact audit quality, especially when moderated by professional skepticism. The higher the level of professional ethics, when combined with professional skepticism, the better the audit quality.

4. Hypothesis Testing 4 (H4)

The fourth hypothesis posits that auditor experience has a positive and significant effect on audit quality when moderated by professional skepticism. Table 19 indicates that auditor experience has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 4.393, exceeding 1.96. The parameter coefficient is +0.469, meaning that for every one-unit increase in auditor experience (X2) while being moderated by professional skepticism (M), audit quality (Y) increases by 0.469, assuming all other independent variables remain constant. The positive coefficient confirms that professional skepticism strengthens the effect of auditor experience on audit quality. Therefore, H4 is accepted, suggesting that as auditors gain more experience and apply professional skepticism, audit quality improves significantly.

These results confirm that professional ethics and auditor experience significantly influence audit quality, and their effects are further strengthened when moderated by professional skepticism. The findings emphasize the importance of strong ethical standards, extensive auditor experience, and professional skepticism in ensuring high-quality audits.

Discussion of Hypothesis Testing Results

The results of the hypothesis testing in this study show that professional ethics and auditor experience have a positive and significant impact on audit quality, while professional scepticism plays the role of a confirming and moderating variable in this relationship. These results are consistent with previous research findings that emphasise the importance of ethics, experience and conscientiousness in improving audit quality. For example, Svanberg and Öhman (2016) found that auditors with high levels of professional scepticism were more effective at detecting material misstatements in financial statements. This suggests that professional scepticism is a key mechanism for improving an auditor's ability to identify and manage deviations or inconsistencies during the audit process. In addition, research by Shaub and Lawrence (1996) shows that a strong professional ethic improves audit quality. Auditors who adhere to ethical standards tend to be more objective and independent in their judgments, which in turn increases stakeholders' confidence in the audit results. Auditor experience is also considered a key factor affecting audit quality. Owoso, Messier and Lynch (2002) found that experienced auditors are more effective at detecting errors and fraud in financial reports. Experience provides auditors with the practical knowledge and insight necessary to handle complex audit procedures and make informed professional judgments. Therefore, the results of this study are consistent with existing literature and support the view that professional ethics, auditor experience and professional scepticism are important determinants of audit quality. The implications of these findings suggest that in order to improve audit quality, organisations need to promote a strong ethical culture, provide opportunities for auditors to gain relevant experience and encourage auditors to develop a professional sceptical attitude.

Conclusion and Recommendation

The objectives of this study were to explore the relationship between professional ethics and audit experience, with professional skepticism as the moderating variable. The results confirmed that professional ethics and audit experience have a positive and significant impact on audit quality, and the presence of professional skepticism can enhance the impact of professional ethics and audit experience on audit quality. The presence of professional skepticism can be used as a moderating factor to enhance the impact of professional ethics and audit experience on audit quality.

Based on these findings, several recommendations can be made. First, the sample of this study is relatively small and is limited to auditors working for audit firms in South Sulawesi. Future research should consider expanding the geographical scope and

increasing the number of respondents to increase the generalisability of the findings. Second, future research should include variables other than those examined in this study to better understand the various factors that influence audit quality. Other possible factors include moderating effects of accounting knowledge, incentives/rewards, preferences, experience, and understanding of information systems.

Ultimately, this study is expected to provide valuable insights and knowledge to the South Sulawesi Audit Office to improve the quality and efficiency of the audit process. Strengthening auditors' professional ethics, professional development and encouraging professional scepticism can help improve audit quality and increase public confidence in financial reporting.

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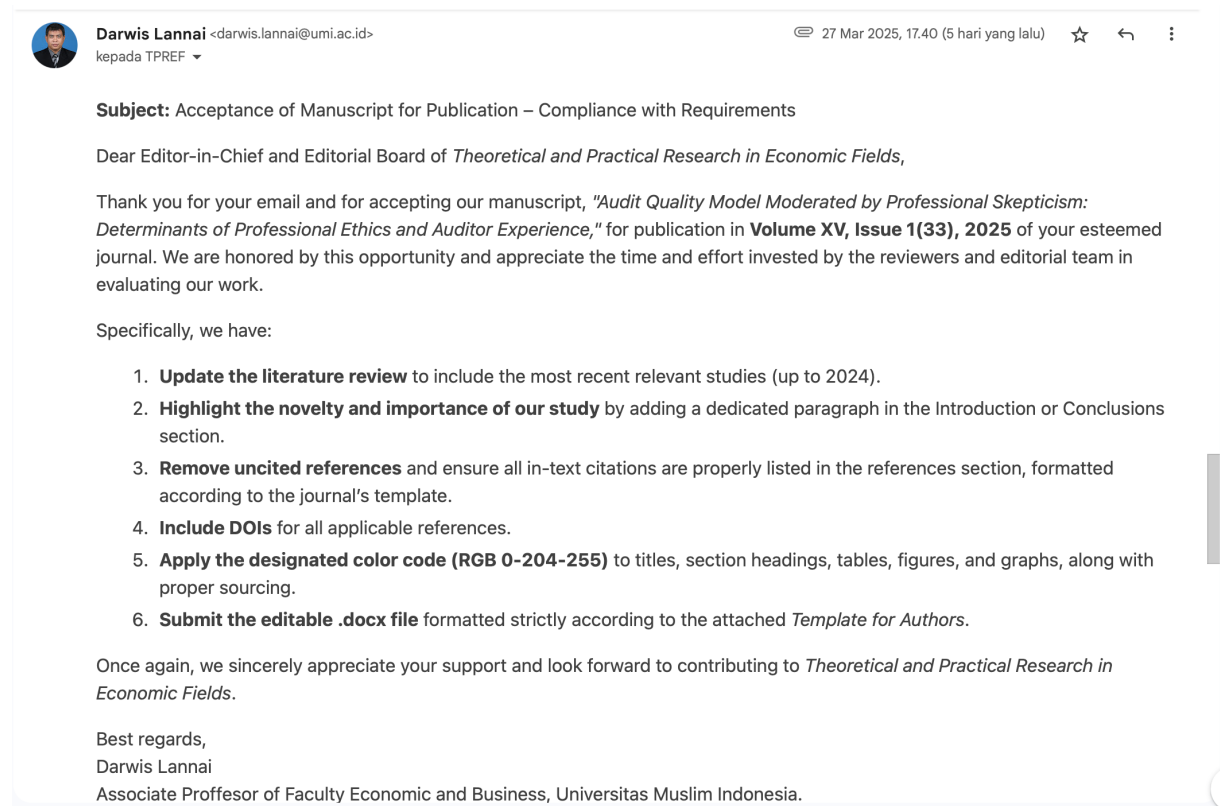
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The Editor in Chief and Editorial Board of Theoretical and Practical Research in Economic Fields thank you for taking into consideration to publish your research with ASERS Publishing's Journal, and we would like to inform you that we are very attentive to the high quality of our publications. The reviewing process for your article **AUDIT QUALITY MODEL MODERATED BY PROFESSIONAL SKEPTICISM: DETERMINANTS OF PROFESSIONAL ETHICS AND AUDITOR EXPERIENCE** was concluded. Thus, your article was accepted for publication in Theoretical and Practical Research in Economic Fields, Volume XV, Issue 1(33), 2025 and will be available online in March 2025. In this regard, kindly prepare your manuscript for publication, following the requirements listed below as soon as possible (no later than 20th of March):

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Audit Quality Model Moderated by Professional Skepticism: Determinants of Professional Ethics and Auditor Experience

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Abstract: *This research explores how an auditor's experience and professional ethics influence audit quality, with professional skepticism playing a key moderating role. Experience sharpens an auditor's ability to detect fraud, while strong ethics help them uphold integrity. Together, these factors shape professional skepticism—the cautious, questioning mindset auditors use when reviewing evidence and making decisions. The study was carried out by the South Sulawesi Provincial Audit Board in early 2024, focusing on auditors in Makassar. Rather than selecting a sample, the researchers included all 35 auditors in the city, ensuring comprehensive insights. Using field research methods, the analysis revealed that both experience and ethics significantly improve audit quality. Additionally, professional skepticism was found to positively mediate this relationship, reinforcing how critical a questioning attitude is in high-quality audits. By highlighting these connections, the study contributes to building a clearer model for how experience, ethics, and skepticism work together to enhance audit outcomes.*

Keywords: Auditor experience; Audit quality; Moderating variable; Professional ethics; Professional skepticism

JEL Classification: M42; M41; D91

The JEL Classification System is a standard method of classifying scholarly literature in the field of economics. The guide provides JEL Codes application guidelines, keywords, and examples of items within each classification is available at: <https://www.aeaweb.org/econlit/jelCodes.php?view=jel>

Introduction

With the frequent occurrence of financial scandals, the implementation of audits is very important as a bridge to build public trust and ensure the fairness of financial statements. However, many public accountants have been implicated in financial scandals, often neglecting the quality of their audits (Trihapsari & Anisykurlillah, 2016). Audit quality plays a vital role in fostering trust, maintaining a healthy investment climate, and ensuring transparency across nations (Yunianti et al., 2021). Auditors must produce high-quality audit reports that comply with generally accepted accounting principles (Trihapsari & Anisykurlillah, 2016; Rosini & Hakim, 2021).

According to the concept of regional autonomy outlined in [Law Number 22 of 1999](#), there was a fundamental shift in the mechanisms of government administration, leading to significant changes in state financial management. Regional governments are now responsible for managing their own financial resources (Tobing, K S L et al., 2022). To achieve good governance, regional financial management must be monitored and audited. This is where the inspectorate plays a critical role in supervising and reviewing the financial management of regional governments. The regional inspectorate functions similarly to internal auditors in conducting general oversight activities for local governments (Tobing, K S L et al., 2022).

According to the Regulation of the Minister for Administrative Reform [No. PER/05/M.PAN/03/2008](#), the measurement of audit quality on financial statements, particularly those conducted by the inspectorate as the internal government auditor, must adhere to the Standards of State Financial Auditing (SPKN). Over time, the scope of auditing has expanded beyond just financial statement audits to include compliance audits, operational audits, and fraud audits. Weaknesses in the Internal Control System (SPI) often arise when responsible officials fail to accurately record transactions and do not follow the established procedures (Susilawati, 2014). This issue is also evident in the performance of the Inspectorate of West Sumatra, where financial management oversight is still considered weak.

This indicates that the audit results used by the local government inspectorate have not yet produced good audit quality, as seen from the findings by the Supreme Audit Agency (BPK) regarding the local government's financial statements. Moreover, there are still lapses in the field that prevent the budget from being aligned with the existing planning. To achieve this expertise, formal education is necessary, supported by practical experience, which is then applied in the audit process. An auditor's maturity in conducting audits depends not only on the knowledge gained during education but also on the experience accumulated during financial examinations. One way to improve audit quality is by ensuring that auditors have sufficient experience. Research conducted by Prasanti, D. H., Ramadhanti, W., & Puspasari, N. (2019) states that experienced auditors have a better understanding of financial statements. This finding aligns with the research by (Dasila & Hajering, 2019), which shows that experience has a direct influence on the quality of audits performed by public accountants. The longer an auditor works, the more experience they gain, which in turn encourages them to broaden their knowledge in the field of auditing. This suggests that the more experience an auditor has, the higher the quality of the audit they produce (Ningrum & Budiarta, 2017).

This study seeks to bridge critical gaps in the existing literature on audit quality by exploring the combined influence of professional skepticism, auditor experience, and ethics on the quality of financial audits. While prior studies (e.g., Nelson, 2009; Glover & Prawitt, 2014) have emphasized the role of skepticism in detecting misstatements, few have integrated these factors into a unified framework to assess their collective impact on audit quality. Moreover, most research has focused on external audits, with limited exploration of internal auditors' roles, particularly within government institutions where regulatory frameworks differ (Tobing, K S L et al., 2022). This study addresses the novel research gap by: Examining how skepticism, experience, and ethics interact in shaping audit quality, Exploring differences between internal and external auditors in applying professional skepticism, and Assessing the moderating role of regulatory environments on audit quality. By addressing these aspects, the study contributes to the field by offering a holistic model that can be used to improve auditing standards and practices across various industries.

The implementation of audits is critical in ensuring transparency and maintaining public trust, particularly in light of recurring financial scandals where auditors have been implicated in fraudulent activities (Trihapsari & Anisykurlillah, 2016). Audit quality plays a significant role in fostering investor confidence and ensuring the reliability of financial statements across different economic sectors (Yunianti et al., 2021). However, despite the emphasis on audit quality, prior research has primarily focused on individual factors such as professional skepticism, auditor experience, and

ethical compliance in isolation, without integrating these factors into a comprehensive analytical framework (Nelson, 2009; Glover & Prawitt, 2014). The more experience auditors have, the longer they work, which in turn encourages them to expand their knowledge in the audit field. This suggests that the more experience auditors have, the higher the quality of audit results (Ningrum & Budiarta, 2017).

Another factor that affects the quality of audit is professional ethics. Compliance with professional ethics in the audit process is one of the elements that affects the quality of the audit. In the auditing industry, the values and norms that govern professional behaviour are established through a code of ethics that is regulated by a competent authority. According to (Murwanto et al., 2008; Mahmud, M. D. B., Quilim, C. A., & Hasan, L. (2024), a code of ethics is a set of values and norms that govern ethical behaviour in a profession through written rules that each member must follow and sanctions imposed on those who violate the rules Mahmud, M. D. B., Quilim, C. A., & Hasan, L. (2024).

The Code of Ethics for Professional Accountants describes several important principles that auditors must follow in addition to the technical standards that guide their work. These principles and standards aim to help auditors perform their duties to the highest possible standards. According to (Najib, 2013), ethical behavior plays a crucial role in enhancing audit quality, emphasizing that the adherence to professional ethics positively impacts the outcome of audits. Auditors who consistently follow the rules and ethical guidelines significantly contribute to improving audit quality (Lubis & Kuntadi, 2023). Research by (Fransiska, 2014) supports this view, demonstrating that ethics has a significant positive effect on audit quality. However, studies by (Nurjanah & Kartika, 2016; Syafitri, 2014) have found that auditor ethics have no measurable impact on audit quality (Nurjanna, 2016).

On the other hand, scepticism plays a key role in detecting errors or irregularities and ensuring audit quality, especially as financial statements become more complex. Many accounting scandals are linked to the auditor's inability to satisfactorily analyse clients' financial statements. An important factor contributing to this failure is the low level of professional scepticism among auditors, which can undermine the credibility of financial statements. This, in turn, affects public confidence in the quality of financial statements and audit results. High-quality financial statements are crucial for stakeholders as they form the basis for important business decisions (Fatmawati et al., 2018).

Professional scepticism, which involves a critical attitude and in-depth evaluation of audit evidence, is recognised as an important factor in improving audit quality. According to Nelson (2009), professional scepticism enables auditors to correctly perceive the standards of evidence and make decisions based on unbiased evaluations. However, it also requires a balance between gathering additional evidence and the effectiveness of the audit process. Furthermore, (Hurt et al., 2013) showed that professional scepticism is influenced by the auditor's personal characteristics, work situation, and pressures from the external environment such as regulations and client expectations. The study confirmed that auditors who consistently apply professional scepticism are better able to detect the risk of material misstatement and avoid audit failures.

In addition, the 'continuum of scepticism' approach proposed by (Glover & Prawitt, 2014) highlights the importance of applying different levels of scepticism depending on the risks identified in the audit. This suggests that applying professional scepticism not only improves audit quality, but also provides a basis for auditors to dynamically adjust their strategies in response to changing audit conditions. This study reveals a research gap that supports the importance of professional scepticism as a key factor in building reliable and effective audit quality, given the influence of auditors' experience and professional ethics. This study seeks to fill a gap in existing research by examining how professional scepticism, auditor experience and ethics interact to shape audit quality. Previous studies have focused on professional scepticism in fraud detection and misstatement identification (Hurt et al.,

2013), but have largely neglected the influence of experience and ethical standards that strengthen or weaken this relationship. In addition, the role of internal auditors, especially in government entities, has been under-represented, as most studies have focused on external audits (Tobing, K S L et al., 2022).

This research improves upon past studies by integrating skepticism, experience, and ethics into a unified framework to assess their combined impact on audit quality. This holistic approach considers how cognitive traits, technical expertise, and ethical commitment interact in audit decision-making. Unlike prior studies that mainly focus on external auditors, this study also examines internal auditors working in government institutions, evaluating whether their regulatory environment affects their levels of skepticism, ethical adherence, and experience.

Furthermore, this research incorporates a cross-country comparison to analyze how differences in audit regulations influence audit quality (Svanberg & Öhman, 2016). By understanding these variations, the study provides insights into how legal frameworks shape audit practices globally. Additionally, an industry-specific analysis explores whether audit quality determinants vary across sectors such as financial services, manufacturing, and government audits. Unlike previous studies that treat audits as uniform across industries, this study examines how different risk environments influence skepticism, experience, and ethics in the auditing process.

1. Literature Review / State-of-Arts / Research Background

Attribution Theory

Attribution theory provides a framework for understanding human behaviour and interaction and is therefore highly relevant to psychology, education, management and other fields. Attribution theory is a concept in social psychology that explains how people interpret and attribute the behaviour of themselves and others. This theory was developed by. This theory helps us to understand whether people attribute their behaviour to internal factors (such as personality or effort) or external factors (such as environment or luck). The main components of attribution theory are: (1) Internal attribution (personality): Behaviour is attributed to internal characteristics of the individual, e.g. personality, motivation or abilities: 'He was successful because he is clever and works hard'. (2) External attribution (situational): Behaviour is attributed to external factors, e.g. environment, social pressure or opportunities: 'He failed the exam because the questions were too difficult'. (3) Kelley's Covariation Model: (Kelley et al., 1967) proposed three dimensions to determine whether a behavior is internally or externally attributed: Consensus: Do others behave the same way in this situation? Consistency: Does this person always behave this way in similar situations? Distinctiveness: Does this person behave differently in other situations? Weiner's Attribution Theory: (Weiner & Kukla, 1970) applied attribution theory to achievement and motivation, focusing on three dimensions: Locus of Causality: Is the cause internal or external?; Stability: Is the cause stable or unstable over time?; Controllability: Can the cause be controlled or not?; Example: A student who fails a test might attribute the failure to "bad luck" (external, unstable, uncontrollable) or "lack of preparation" (internal, unstable, controllable). In the Practical Applications especially on Workplace: Explains employee reactions to feedback, success, or failure, shaping strategies for leadership and management.

(Dayakisni & Hudaniah, 2009) states that attribution is the process of seeking answers to questions such as 'why' or 'what causes' certain behaviors, whether of others or oneself. This process helps us understand the reasons behind behavior, particularly those related to individual attitudes and characteristics. The role of an auditor in providing audit reports is highly influential in shaping decisions made by stakeholders, who expect accurate and high-quality financial statements. Researchers suggest that the quality of audit reports may be influenced by the internal and external characteristics of the auditor. This study applies attribution theory to analyze individual behaviors and

better understand how auditors produce high-quality audit reports. Attribution theory is used here to conduct an empirical study of the factors influencing auditors' performance, particularly their personal characteristics.

An auditor's personal characteristics play a crucial role in determining the quality of audit outcomes, as these internal factors drive their actions. One such internal factor is ethics, which guides auditors in fulfilling their responsibilities to society, peers, clients, and professional standards (Zarefar & Zarefar, 2016). Beyond ethics, religiosity also significantly affects an auditor's rationality. A higher level of religiosity, which stems from deeply internalized religious teachings, can positively impact auditors' rational decision-making and behavior in their professional and daily lives (Nainggolan et al., 2019).

Audit Quality

Audit quality can be defined as the effectiveness of the audit process in reducing discrepancies between information provided by managers and what shareholders expect, using a third party to verify the financial statements. According to (DeAngelo, 1981), audit quality is the probability that an auditor will detect and report any violations in the client's accounting system. (Arens, 2012) outline five principles that must be upheld by public accountants: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Additionally, public accountants must adhere to the Standards of Public Accounting Profession (SPAP), which include general standards, fieldwork standards, and reporting standards ([SA Section 150 in SPAP, 2011](#)).

The study by (Munari, 2020) shows that the quality of audits conducted by the inspectorate plays a crucial role in supporting fiscal transparency and local government accountability. The competence of internal auditors, including their experience and educational background, significantly impacts audit quality. For example, a study in Lampung found that a higher level of competence of internal auditors, evidenced by a diploma and professional training, has a positive impact on the quality of audits and accountability of local government financial reporting. In addition, the quality of internal audit is also related to compliance with Government Auditing Standards (GAAS). The implementation of these standards helps to improve the reliability of reporting by ensuring that objective evidence is collected and verified. The study shows that the oversight function of audit is not only aimed at detecting weaknesses but also at improving the efficiency and effectiveness of public financial management.

Interrelationship Between Variables

Auditing Concept

According to Agoes (2018), an audit is a critical and systematic review of an entity's financial statements prepared by management and performed by an independent party. This examination includes the accounting records and other supporting evidence to express an opinion on the fairness of the company's financial statements (Marclanta, 2018). A study published in the International Journal of Auditing found that the adoption of International Financial Reporting Standards (IFRS) is associated with higher audit costs, reflecting the increased complexity of audits and the need for more detailed audits (Kim et al., 2010).

Ethics

The Greek word "ethics" consists of two words: *ethos*, which means habit or habitual, and *ethhiokos*, which means the inner feelings or moral inclinations that guide human behaviour (Suraida, 2005). Ethics is essentially a complex process that determines how an individual should act in a given situation; according to Arens et al (2008), ethics is broadly defined as principles or moral values (Zailia, 2013). An analysis of international accounting ethical codes

highlights the importance of principles such as honesty, objectivity, professional competence, confidentiality and professional conduct as guidelines for accountants worldwide (Suraida, 2005).

Professional Ethics

Ethics is generally defined as a set of principles or moral values that establish a behavioral standard (Arens et al., 2008). Auditors must recognize the importance of ethics as a form of responsibility to society, clients, and fellow practitioners. Professional ethics encompass commendable behavior, even when it may require personal sacrifice (Fatmawati et al., 2017). Research indicates that professional ethics significantly influence audit quality. Auditors who adhere to ethical codes tend to produce higher-quality audits (Fatmawati et al., 2017).

Auditor Experience

The Indonesian Institute of Accountants states that audits should be conducted by individuals with sufficient technical expertise and training as auditors. According to Konvinna and Betri (2014), experience is a learning process and an enhancement of behavioral potential through both formal and informal education. Experience can also be defined as a process that elevates an individual to a higher behavioral pattern. Hanjani and Rahardja (2014) found that auditors with varying levels of experience will differ in how they perceive, interpret, and respond to information obtained during an audit (Megayani et al., 2020). Other studies suggest that auditor experience significantly impacts audit quality, with more experienced auditors being more competent in detecting errors and fraud (Megayani et al., 2020).

Professional Skepticism

An auditor with professional skepticism will not immediately accept a client's explanations but will instead ask questions to obtain reasons, evidence, and confirmation regarding the issue in question. Professional skepticism enables auditors to select effective audit procedures to arrive at an accurate audit opinion (Noviyanti, 2008). Professional skepticism is influenced by several factors, including expertise, experience, the audit situation, and ethical considerations (Gusti & Ali, 2008). Research shows that professional scepticism plays an important role in improving audit quality. Auditors who apply professional skepticism are more effective in detecting fraud and errors in financial statements (Gusti & Ali, 2008).

Based on the above explanation, the conceptual framework in our research is presented in the following figure:

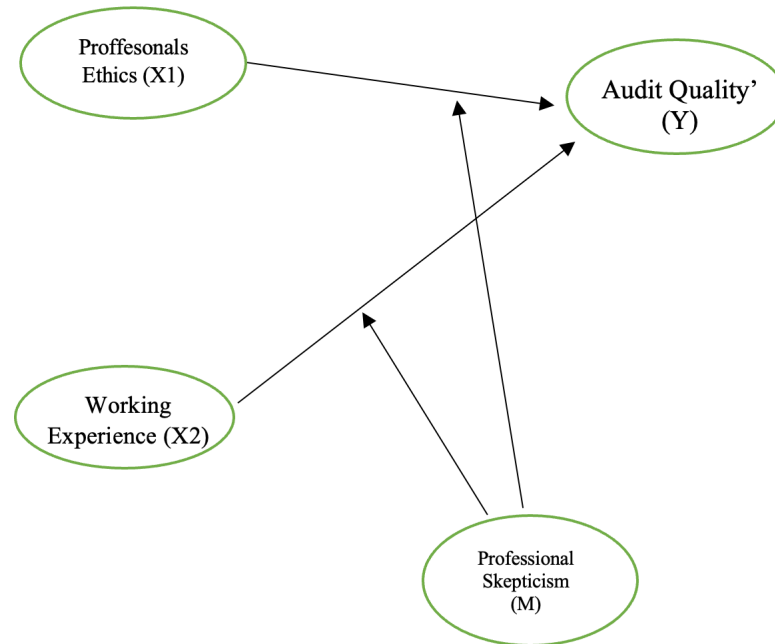


Figure 3 Research Framework

Research Hypotheses

H1: Professional ethics have a significant positive effect on audit quality.

Upholding rules and professional ethics in performing audit duties is a crucial factor influencing audit quality. In the public accounting profession, values and norms that serve as guidelines for professional duties have been established by the government in the form of the accountant profession's code of ethics. Oktarini and Ramantha (2016) state that the code of ethics establishes fundamental principles and ethical rules that must be implemented by every individual in their professional duties. Every practitioner is required to adhere to and apply all the fundamental principles and ethical rules stipulated in the professional code of ethics (Accountant Profession Code of Ethics, 2010). A study by Haeridistia and Fadjarenie (2019) found that professional ethics significantly influence audit quality.

H2: Auditor experience has a significant positive effect on audit quality.

An experienced auditor is better equipped to find solutions to problems encountered during audits due to handling numerous cases. The experience of auditors also improves their understanding of national accounting standards, which influences their behaviour in the performance of their duties and is expected to improve the quality of the audit. Putri (2020) argues that auditors with a high level of experience have an advantage when performing audits, which allows them to quickly identify errors made by the audited entity. A study by Kuntari et al. (2017) showed that audit experience has a significant impact on audit quality.

H3: Professional skepticism strengthens the positive influence of professional ethics on audit quality.

Professional skepticism is a necessity in every audit assignment. Audits must provide reasonable assurance that audit evidence is sufficient and appropriate to support the auditor's findings and conclusions. An independent mindset, impartiality, and honesty are crucial for auditors to maintain their independence and produce high-quality audits. Theodorus (2013) asserts that a critical assessment mindset that constantly questions and evaluates the validity of audit evidence is essential for detecting fraud. Research by Haeridistia and Fadjarenie (2019) confirmed that professional skepticism has a significant impact on audit quality.

H4: Professional skepticism strengthens the positive influence of auditor experience on audit quality.

Professional scepticism involves constantly asking questions, exercising caution when detecting errors or deliberate misstatements, and making fundamental judgements based on audit evidence. Johari, R. J., Hati, T. M., & Sayed Hussin, S. A. H. (2022) explain that the accountant's professional scepticism is crucial because the public relies on audited financial statements when making decisions. According to Tawakkal (2019), professional scepticism promotes the professional competence of the accountant, which in turn increases the accuracy of judgement and indirectly improves the quality of the audit opinion. A study by Kuntari et al. (2017) showed that professional scepticism has a significant effect on the quality of the audit.

2. Method also called Materials and Methods or Experimental Methods

This study used structural equation modelling (SEM) and partial least squares (PLS) quantitative methods to analyse the relationships between variables. SEM-PLS is a variance-based structural equation modelling technique suitable for small sample sizes and exploratory research (Hair et al., 2014). This study included 35 respondents from the Makassar City Prosecution Office, and SEM-PLS was an appropriate choice due to its robustness in handling small sample sizes (Henseler et al., 2016). The data analysis process begins with data processing, where the dataset is cleaned to remove incomplete responses or outliers, followed by descriptive statistics to summarise demographic trends and respondent characteristics (Sarstedt et al., 2017).

Next, the measurement model or external model is evaluated to ensure the reliability and validity of the construction. This includes verifying internal consistency using Cronbach's alpha and composite reliability (CR), both of which should be above 0.7, and ensuring item loadings above 0.7 for indicator reliability. Convergent validity was confirmed when the average variance extracted (AVE) exceeded 0.5, while discriminant validity was assessed using the Fornell-Larcker criterion or the heterotrophic unit ratio (HTMT), which should be less than 0.85 (Hair et al., 2019). Following the evaluation of the measurement model, the structural or intrinsic model was examined by analysing the path coefficients, which indicate the strength and direction of the relationships between the components. Hypothetical tests were conducted by bootstrapping 500-5000 subsamples to assess the significance of the relationships, where p-values below 0.05 were considered statistically significant (Chin, 1998). The explanatory power of the model was assessed using the R^2 value, and the predictive relevance was assessed using the Stone-Geisser Q^2 test (Geisser, 1974; Stone, 1974).

The model fit was confirmed using indicators such as standardised root mean square (SRMR), and a good fit should be less than 0.08 (Hu & Bentler, 1999). After the analysis is completed, the results will be presented in the form of tables and graphs, including loadings, path coefficients and indices of model fit. The results are discussed in the context of the research hypotheses, focusing on the effect of variables such as professional ethics, auditor experience, scepticism and audit quality etc. SEM-PLS provides insight into quantitative and structural relationships, making it an effective tool for analysing complex models in studies with limited sample size (Henseler et al., 2009).

4. Research Results

In this study, descriptive statistical analysis is used to summarise and provide an overview of the research variables, including their central tendencies, spread and distribution. This analysis helps to understand the characteristics of the data and provides valuable insights before proceeding with statistical tests (Hair et al., 2014). The descriptive statistics for the research variables are shown in the table below and provide a clear representation of the data used in this study.

Tranche	Spread (basis point)	Spread (basis point)
	(Gaussian copula)	(Student copulas)
0% à 10% (Equity)	2,952.4	3,172.895
10% à 30% (Mezzanine)	779.3024	762.065
30% à 100 % (Senior)	43.4713	30.210

Table 6 Statistics Descriptive Result

Variables	Indicator	Scale	Descriptive Research Variables		
			N	Mean	Std Deviaton
Professional Ethics	5. The personality of an auditor, including traits such as integrity, honesty, and independence, is fundamental to ethical behavior.	ordinal	35	3.80	.41380
	6. Ethical standards demand that auditors possess the necessary knowledge, skills, and expertise to perform their duties effectively.				
	7. Auditors have a responsibility not only to their clients but also to the public, ensuring that financial information is accurate and fair.				
	8. A formalized code of conduct provides a framework for acceptable auditor behavior.				
Auditor Experience	3. The length of time an auditor has been in practice contributes significantly to their ethical judgment and decision-making abilities.	ordinal	35	3.25	.46787
	4. The number of tasks or engagements an auditor has				

	undertaken reflects their practical exposure and technical expertise.				
Professional skepticism	5. Personal attributes such as integrity, independence, and diligence are fundamental to professional skepticism.	ordinal	35	4.00	.51697
	6. A proactive and questioning attitude is critical for fostering professional skepticism.				
	7. Professional skepticism is enhanced by an auditor's knowledge and experience.				
	8. The ability to critically evaluate evidence and assess its sufficiency and appropriateness is a cornerstone of professional skepticism.				
Audit quality	5. An auditor's ability, encompassing both technical expertise and analytical skills, is fundamental to their effectiveness.	ordinal	35	3.43	.48765
	6. Professional commitment reflects an auditor's dedication to their profession and ethical principles.				
	7. Motivation plays a critical role in driving auditors to maintain high standards of performance and ethical behavior.				
	8. Job satisfaction is closely linked to an auditor's overall performance and ethical conduct.				

Table 1 presents the descriptive statistical results for the variables in this study, which include the following:

- Auditor Ethics (X1): The data shows that the Auditor Ethics variable has a minimum value of 3.80, a maximum value of 5, and a mean of 4.5771. This mean falls within a scale indicating a response choice of "strongly agree." The standard deviation is 0.41380, suggesting a moderate level of variation from the average responses among respondents.
- Auditor Experience (X2): For Auditor Experience, the variable has a minimum value of 3.25, a maximum value of 5, and a mean of 4.5857. Similar to Auditor Ethics, this mean indicates a response choice of "strongly agree." The standard deviation is 0.51697, reflecting a slightly higher variation compared to Auditor Ethics.

- Professional Skepticism (M): The Professional Skepticism variable has a minimum value of 4, a maximum value of 5, and a mean of 4.4603. This mean also indicates a response choice of "strongly agree." The standard deviation of 0.46765 signifies a moderate level of deviation from the mean response.
- Audit Quality (Y): The Audit Quality variable shows a minimum value of 3.43, a maximum value of 5, and a mean of 4.2082. This mean indicates that respondents generally "strongly agree" with statements related to audit quality. The standard deviation of 0.46787 reflects moderate variation in responses.

These descriptive statistics provide a clear overview of the central tendencies and variations within the responses for each variable, serving as a foundational step for further analysis in this study.

Structural Equation Model (SEM) Testing

The primary analytical method employed in this study is Structural Equation Modeling (SEM). The testing process is conducted using the SmartPLS 3.0 software, which facilitates the analysis of complex relationships between variables and their indicators. The SEM approach integrates both the measurement model and the structural model, allowing for a comprehensive evaluation of the hypothesized relationships. Figure 3 presents the results of the Full Model SEM analysis performed using the Partial Least Squares (PLS) method, providing insights into the validity, reliability, and path coefficients of the study's constructs.

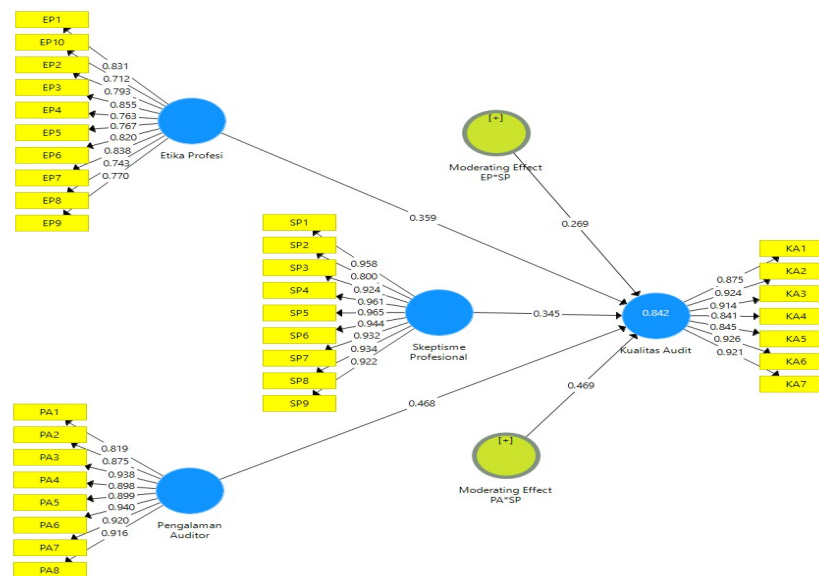


Figure 4 SEM Full Model Test Using smart PLS

Based on the test results using smart PLS as shown in Figure 2, it can be seen that there is no loading factor value below 0.50, so there is no need to drop data to remove indicators with a loading value below 0.50 in order to obtain a good model.

Outer Model

Three measurement criteria are used in the data analysis technique using Smart PLS to assess the model. The three measurements are convergent validity and composite reliability and discriminant validity.

Table 7 Validity and Reliability

Variables	Indicators	r-calculated	Cronbach Alpha	Result
Professional Ethics	EP.1	0.831	0.934	Valid and Reliable
	EP.2	0.793		
	EP.3	0.855		
	EP.4	0.763		
	EP.5	0.767		
	EP.6	0.820		
	EP.7	0.838		
	EP.8	0.743		
	EP.9	0.770		
	EP.10	0.712		
Auditor Experience	PA.1	0.819	0.968	Valid and reliable
	PA.2	0.875		
	PA.3	0.938		
	PA.4	0.898		
	PA.5	0.899		
	PA.6	0.940		
	PA.7	0.920		
	PA.8	0.916		
Professional skepticism	SP.1	0.958	0.979	Valid and reliable
	SP.2	0.800		
	SP.3	0.924		
	SP.4	0.961		
	SP.5	0.965		
	SP.6	0.944		

Audit Quality	SP.7	0.932	0,958	Valid and reliable
	SP.8	0.934		
	SP.9	0.922		
	K A.1	0.875		
	K A.2	0.924		
	K A. 3	0.914		
	K A. 4	0.841		
	K A. 5	0.845		
	K A. 6	0.926		
	K A. 7	0.921		

According to the above table, the estimated results of the external loading test using PLS for indicators such as auditor ethics, auditor experience, professional scepticism and audit quality show that the load factor for each reflective indicator is greater than 0.70, indicating that all the constructed indicators are valid. This shows that all indicators can effectively measure their respective constructs. The results of the reliability test also show strong consistency, with each variable's Cronbach's Alpha value exceeding the critical minimum of 0.70. In addition, the average variance extraction (AVE) of all constructs exceeds 0.50, ensuring the high consistency and stability of the instrument. This shows that auditor ethics, auditor experience, professional scepticism and audit quality are reliable measurement tools for assessing the issues of each construct with a high degree of reliability. Discriminant validity refers to the principle that different constructs should not be highly correlated. Discriminant validity is tested by comparing the square root of the mean AVE with the correlation value between the constructs, using the reflector index. If the square root of the AVE is higher than the correlation value between the constructs, the criterion for discriminant validity is met (Ghozali 2015). These results confirm that the measurement model fits well and has valid and reliable constructs that can be used for further structural model analysis.

Table 8 Discriminant Validity

	Professional Ethics	Audit Quality	Moderating Effect EP*SP	Moderating Effect PA*SP	Auditor Experience	Professional skepticism
Professional Ethics	0.791					
Audit Quality	0.488	0.893				
Moderating Effect EP*SP	-0.020	0.363	1.000			
Moderating Effect PA*SP	-0.041	0.512	0.155	1.000		
Auditor Experience	-0.073	0.403	-0.053	0.108	0.902	
Professional skepticism	0.542	0.461	0.322	-0.084	-0.228	0.928

As shown in Table 3, the diagonal values indicate the square root of the AVE, while the values below the diagonal indicate the correlation between the structures. The results show that the square root of AVE is always higher than the correlation between structures, confirming that the model meets the discriminant validity criteria. This indicates that each structure is independent and not highly correlated with the other structures, thus ensuring the validity of the measurement model.

Inner Model

An internal model (also known as an internal relationship, structural model or content theory) describes the relationships between latent variables based on an underlying theoretical framework. This model provides the basis for testing hypotheses and analysing how constructs interact in the research context, ensuring that structural relationships are consistent with established theoretical principles.

Table 9 R-Square Construct Variable

	R Square	R Square Adjusted
Audit Quality	0.842	0.815

From Table 4, the R-Square value for the Audit Quality variable is 0.842, indicating that it falls within the high category. This means that 84.2% of the variation in Audit Quality can be explained by the variables Professional Ethics and Auditor Experience, with Professional Skepticism acting as a moderating variable. The remaining 15.8% is influenced by other factors not included in this study, such as workload, time pressure, and other external variables. This high R-Square value suggests that the model provides strong explanatory power for the determinants of audit quality.

Table 10 Path Coefficient Analysis

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Information
Professional Ethics → Audit Quality	0.359	0.369	0.101	3.573	0.000	Approved
Auditor Experience → Audit Quality	0.468	0.453	0.118	3.978	0.000	Approved
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	
Moderating Effect EP*SP → Audit Quality	0.269	0.273	0.122	2.211	0.028	Approved
Moderating PA *SP fee audit → Audit Quality	0.469	0.464	0.107	3.393	0.000	Approved

Hypothesis Testing Results

Based on the inner weight values, which include Professional Ethics (X1) and Auditor Experience (X2), the partial effect on Audit Quality (Y) can be analyzed as follows:

5. Hypothesis Testing 1 (H1)
The first hypothesis states that professional ethics have a positive and significant effect on audit quality. Table 18 shows that the professional ethics variable has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 3.573, which is greater than 1.96. The parameter coefficient is +0.359, indicating a positive relationship between professional ethics (X1) and audit quality (Y). This means that for every one-unit increase in X1, audit quality (Y) will increase by 0.359, assuming other independent variables remain constant. The positive coefficient confirms that professional ethics directly improve audit quality. Therefore, H1 is accepted, reinforcing the idea that higher professional ethics lead to better audit quality.
6. Hypothesis Testing 2 (H2)
The second hypothesis suggests that auditor experience has a positive and significant effect on audit quality. Table 18 indicates that the auditor experience variable has a significance level of 0.000 (less than 0.05) and a t-statistic value of 3.978, which is greater than 1.96. The parameter coefficient is +0.468, signifying a positive relationship between auditor experience (X2) and audit quality (Y). This implies that for every one-unit increase in X2, audit quality (Y) will increase by 0.468, assuming other independent variables remain constant. The positive coefficient confirms that increased auditor experience leads to enhanced audit quality. Thus, H2 is accepted, proving that more experienced auditors contribute to higher audit quality.
7. Hypothesis Testing 3 (H3)
The third hypothesis examines whether professional ethics positively and significantly influence audit quality when moderated by professional skepticism. Table 19 reveals that professional ethics has a significance level of 0.028, which is less than 0.05, and a t-statistic value of 2.211, exceeding 1.96. The parameter coefficient is +0.269, indicating that when professional ethics (X1) increase by one unit and are moderated

by professional skepticism (M), audit quality (Y) increases by 0.269, with other independent variables held constant. The positive coefficient suggests that professional skepticism strengthens the relationship between professional ethics and audit quality. Therefore, H3 is accepted, indicating that professional ethics positively and significantly impact audit quality, especially when moderated by professional skepticism. The higher the level of professional ethics, when combined with professional skepticism, the better the audit quality.

8. Hypothesis Testing 4 (H4)

The fourth hypothesis posits that auditor experience has a positive and significant effect on audit quality when moderated by professional skepticism. Table 19 indicates that auditor experience has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 4.393, exceeding 1.96. The parameter coefficient is +0.469, meaning that for every one-unit increase in auditor experience (X2) while being moderated by professional skepticism (M), audit quality (Y) increases by 0.469, assuming all other independent variables remain constant. The positive coefficient confirms that professional skepticism strengthens the effect of auditor experience on audit quality. Therefore, H4 is accepted, suggesting that as auditors gain more experience and apply professional skepticism, audit quality improves significantly.

These results confirm that professional ethics and auditor experience significantly influence audit quality, and their effects are further strengthened when moderated by professional skepticism. The findings emphasize the importance of strong ethical standards, extensive auditor experience, and professional skepticism in ensuring high-quality audits

5. Discussions

The results of the hypothesis testing in this study show that professional ethics and auditor experience have a positive and significant impact on audit quality, while professional scepticism plays the role of a confirming and moderating variable in this relationship. These results are consistent with previous research findings that emphasise the importance of ethics, experience and conscientiousness in improving audit quality. For example, Svanberg and Öhman (2016) found that auditors with high levels of professional scepticism were more effective at detecting material misstatements in financial statements. This suggests that professional scepticism is a key mechanism for improving an auditor's ability to identify and manage deviations or inconsistencies during the audit process. In addition, research by Shaub and Lawrence (1996) shows that a strong professional ethic improves audit quality. Auditors who adhere to ethical standards tend to be more objective and independent in their judgments, which in turn increases stakeholders' confidence in the audit results. Auditor experience is also considered a key factor affecting audit quality. Owoso, Messier and Lynch (2002) found that experienced auditors are more effective at detecting errors and fraud in financial reports. Experience provides auditors with the practical knowledge and insight necessary to handle complex audit procedures and make informed professional judgments. Therefore, the results of this study are consistent with existing literature and support the view that professional ethics, auditor experience and professional scepticism are important determinants of audit quality. The implications of these findings suggest that in order to improve audit quality, organisations need to promote a strong ethical culture, provide opportunities for auditors to gain relevant experience and encourage auditors to develop a professional sceptical attitude..

Conclusions and Further Research

The objectives of this study were to explore the relationship between professional ethics and audit experience, with professional skepticism as the moderating variable. The results confirmed that professional ethics and audit experience have a positive and significant impact on audit quality, and the presence of professional skepticism can enhance the impact of professional ethics and audit experience on audit quality. The presence of professional skepticism can be used as a moderating factor to enhance the impact of professional ethics and audit experience on audit quality.

Based on these findings, several recommendations can be made. First, the sample of this study is relatively small and is limited to auditors working for audit firms in South Sulawesi. Future research should consider expanding the geographical scope and increasing the number of respondents to increase the generalisability of the findings. Second, future research should include variables other than those examined in this study to better understand the various factors that influence audit quality. Other possible factors include moderating effects of accounting knowledge, incentives/rewards, preferences, experience, and understanding of information systems.

Ultimately, this study is expected to provide valuable insights and knowledge to the South Sulawesi Audit Office to improve the quality and efficiency of the audit process. Strengthening auditors' professional ethics, professional development and encouraging professional scepticism can help improve audit quality and increase public confidence in financial reporting.

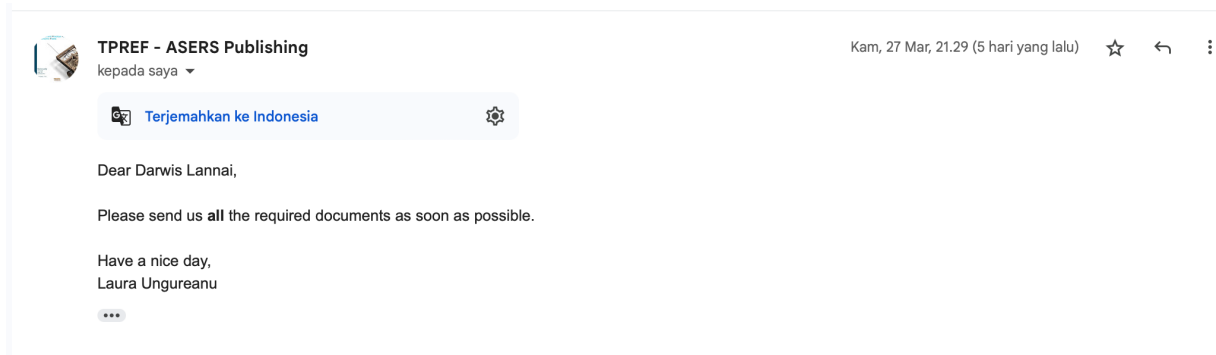
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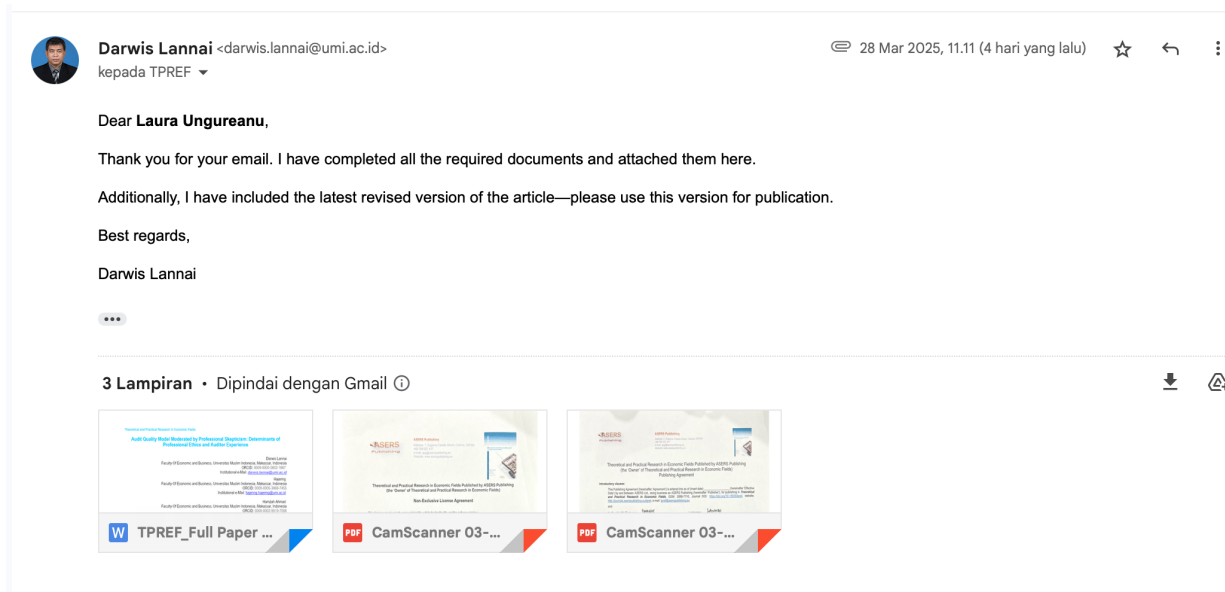
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(4) Revisi 2 dari Reviewer



(5) Penulis Mengirimkan semua kelengkapan dokumen dan revisi kedua dari artikel



Artikel Revisi kedua adalah sebagai berikut dengan revisi berupa

- (1) Update dari sitasi, semua sitasi yang dibawah 2015 tidak digunakan
- (2) Menambah beberapa daftar Pustaka pada artikel

Berikut dokumen Revisi kedua

Audit Quality Model Moderated by Professional Skepticism: Determinants of Professional Ethics and Auditor Experience

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Abstract: *This research explores how an auditor's experience and professional ethics influence audit quality, with professional skepticism playing a key moderating role. Experience sharpens an auditor's ability to detect fraud, while strong ethics help them uphold integrity. Together, these factors shape professional skepticism—the cautious, questioning mindset auditors use when reviewing evidence and making decisions. The study was carried out by the South Sulawesi Provincial Audit Board in early 2024, focusing on auditors in Makassar. Rather than selecting a sample, the researchers included all 35 auditors in the city, ensuring comprehensive insights. Using field research methods, the analysis revealed that both experience and ethics significantly improve audit quality. Additionally, professional skepticism was found to positively mediate this relationship, reinforcing how critical a questioning attitude is in high-quality audits. By highlighting these connections, the study contributes to building a clearer model for how experience, ethics, and skepticism work together to enhance audit outcomes.*

Keywords: Auditor experience; Audit quality; Moderating variable; Professional ethics; Professional skepticism

JEL Classification: M42; M41; D91

The JEL Classification System is a standard method of classifying scholarly literature in the field of economics. The guide provides JEL Codes application guidelines, keywords, and examples of items within each classification is available at: <https://www.aeaweb.org/econlit/jelCodes.php?view=jel>

Introduction

With the frequent occurrence of financial scandals, the implementation of audits is very important as a bridge to build public trust and ensure the fairness of financial statements. However, many public accountants have been implicated in financial scandals, often neglecting the quality of their audits (Trihapsari & Anisykurlillah, 2016). Audit quality plays a vital role in fostering trust, maintaining a healthy investment climate, and ensuring transparency across nations (Yunianti et al., 2021). Auditors must produce high-quality audit reports that comply with generally accepted accounting principles (Trihapsari & Anisykurlillah, 2016; Rosini & Hakim, 2021).

According to the concept of regional autonomy outlined in [Law Number 22 of 1999](#), there was a fundamental shift in the mechanisms of government administration, leading to significant changes in state financial management. Regional governments are now responsible for managing their own financial resources (Tobing, K S L et al., 2022). To achieve good governance, regional financial management must be monitored and audited. This is where the inspectorate plays a critical role in supervising and reviewing the financial management of regional governments. The regional inspectorate functions similarly to internal auditors in conducting general oversight activities for local governments (Tobing, K S L et al., 2022).

According to the Regulation of the Minister for Administrative Reform [No. PER/05/M.PAN/03/2008](#), the measurement of audit quality on financial statements, particularly those conducted by the inspectorate as the internal government auditor, must adhere to the Standards of State Financial Auditing (SPKN). Over time, the scope of auditing has expanded beyond just financial statement audits to include compliance audits, operational audits, and fraud audits. Weaknesses in the Internal Control System (SPI) often arise when responsible officials fail to accurately record transactions and do not follow the established procedures (Susilawati, 2014). This issue is also evident in the performance of the Inspectorate of West Sumatra, where financial management oversight is still considered weak.

This indicates that the audit results used by the local government inspectorate have not yet produced good audit quality, as seen from the findings by the Supreme Audit Agency (BPK) regarding the local government's financial statements. Moreover, there are still lapses in the field that prevent the budget from being aligned with the existing planning. To achieve this expertise, formal education is necessary, supported by practical experience, which is then applied in the audit process. An auditor's maturity in conducting audits depends not only on the knowledge gained during education but also on the experience accumulated during financial examinations. One way to improve audit quality is by ensuring that auditors have sufficient experience. Research conducted by Prasanti, D. H., Ramadhanti, W., & Puspasari, N. (2019) states that experienced auditors have a better understanding of financial statements. This finding aligns with the research by (Dasila & Hajering, 2019), which shows that experience has a direct influence on the quality of audits performed by public accountants. The longer an auditor works, the more experience they gain, which in turn encourages them to broaden their knowledge in the field of auditing. This suggests that the more experience an auditor has, the higher the quality of the audit they produce (Ningrum & Budiarta, 2017).

This study seeks to bridge critical gaps in the existing literature on audit quality by exploring the combined influence of professional skepticism, auditor experience, and ethics on the quality of financial audits. While prior studies (e.g., Nelson, 2009; Glover & Prawitt, 2014) have emphasized the role of skepticism in detecting misstatements, few have integrated these factors into a unified framework to assess their collective impact on audit quality. Moreover, most research has focused on external audits, with limited exploration of internal auditors' roles, particularly within government institutions where regulatory frameworks differ (Tobing, K S L et al., 2022). This study addresses the novel research gap by: Examining how skepticism, experience, and ethics interact in shaping audit quality, Exploring differences between internal and external auditors in applying professional skepticism, and Assessing the moderating role of regulatory environments on audit quality. By addressing these aspects, the study contributes to the field by offering a holistic model that can be used to improve auditing standards and practices across various industries.

The implementation of audits is critical in ensuring transparency and maintaining public trust, particularly in light of recurring financial scandals where auditors have been implicated in fraudulent activities (Trihapsari & Anisykurlillah, 2016). Audit quality plays a significant role in fostering investor confidence and ensuring the reliability of financial statements across different economic sectors (Yunianti et al., 2021). However, despite the emphasis on audit quality, prior research has primarily focused on individual factors such as professional skepticism, auditor experience, and

ethical compliance in isolation, without integrating these factors into a comprehensive analytical framework (Nelson, 2009; Glover & Prawitt, 2014). The more experience auditors have, the longer they work, which in turn encourages them to expand their knowledge in the audit field. This suggests that the more experience auditors have, the higher the quality of audit results (Ningrum & Budiarta, 2017).

Another factor that affects the quality of audit is professional ethics. Compliance with professional ethics in the audit process is one of the elements that affects the quality of the audit. In the auditing industry, the values and norms that govern professional behaviour are established through a code of ethics that is regulated by a competent authority. According to (Murwanto et al., 2008; Mahmud, M. D. B., Quilim, C. A., & Hasan, L. (2024), a code of ethics is a set of values and norms that govern ethical behaviour in a profession through written rules that each member must follow and sanctions imposed on those who violate the rules Mahmud, M. D. B., Quilim, C. A., & Hasan, L. (2024).

The Code of Ethics for Professional Accountants describes several important principles that auditors must follow in addition to the technical standards that guide their work. These principles and standards aim to help auditors perform their duties to the highest possible standards. According to (Najib, 2013), ethical behavior plays a crucial role in enhancing audit quality, emphasizing that the adherence to professional ethics positively impacts the outcome of audits. Auditors who consistently follow the rules and ethical guidelines significantly contribute to improving audit quality (Lubis & Kuntadi, 2023). Research by (Fransiska, 2014) supports this view, demonstrating that ethics has a significant positive effect on audit quality. However, studies by (Nurjanah & Kartika, 2016; Syafitri, 2014) have found that auditor ethics have no measurable impact on audit quality (Nurjanna, 2016).

On the other hand, scepticism plays a key role in detecting errors or irregularities and ensuring audit quality, especially as financial statements become more complex. Many accounting scandals are linked to the auditor's inability to satisfactorily analyse clients' financial statements. An important factor contributing to this failure is the low level of professional scepticism among auditors, which can undermine the credibility of financial statements. This, in turn, affects public confidence in the quality of financial statements and audit results. High-quality financial statements are crucial for stakeholders as they form the basis for important business decisions (Fatmawati et al., 2018).

Professional scepticism, which involves a critical attitude and in-depth evaluation of audit evidence, is recognised as an important factor in improving audit quality. According to Nelson (2009), professional scepticism enables auditors to correctly perceive the standards of evidence and make decisions based on unbiased evaluations. However, it also requires a balance between gathering additional evidence and the effectiveness of the audit process. Furthermore, (Hurtt et al., 2013) showed that professional scepticism is influenced by the auditor's personal characteristics, work situation, and pressures from the external environment such as regulations and client expectations. The study confirmed that auditors who consistently apply professional scepticism are better able to detect the risk of material misstatement and avoid audit failures.

In addition, the 'continuum of scepticism' approach proposed by (Glover & Prawitt, 2014) highlights the importance of applying different levels of scepticism depending on the risks identified in the audit. This suggests that applying professional scepticism not only improves audit quality, but also provides a basis for auditors to dynamically adjust their strategies in response to changing audit conditions. This study reveals a research gap that supports the importance of professional scepticism as a key factor in building reliable and effective audit quality, given the influence of auditors' experience and professional ethics. This study seeks to fill a gap in existing research by examining how professional scepticism, auditor experience and ethics interact to shape audit quality. Previous studies have focused on professional scepticism in fraud detection and misstatement identification (Hurtt et al.,

2013), but have largely neglected the influence of experience and ethical standards that strengthen or weaken this relationship. In addition, the role of internal auditors, especially in government entities, has been under-represented, as most studies have focused on external audits (Tobing, K S L et al., 2022).

This research improves upon past studies by integrating skepticism, experience, and ethics into a unified framework to assess their combined impact on audit quality. This holistic approach considers how cognitive traits, technical expertise, and ethical commitment interact in audit decision-making. Unlike prior studies that mainly focus on external auditors, this study also examines internal auditors working in government institutions, evaluating whether their regulatory environment affects their levels of skepticism, ethical adherence, and experience.

Furthermore, this research incorporates a cross-country comparison to analyze how differences in audit regulations influence audit quality (Svanberg & Öhman, 2016). By understanding these variations, the study provides insights into how legal frameworks shape audit practices globally. Additionally, an industry-specific analysis explores whether audit quality determinants vary across sectors such as financial services, manufacturing, and government audits. Unlike previous studies that treat audits as uniform across industries, this study examines how different risk environments influence skepticism, experience, and ethics in the auditing process.

1. Literature Review / State-of-Arts / Research Background

Attribution Theory

Attribution theory provides a framework for understanding human behaviour and interaction and is therefore highly relevant to psychology, education, management and other fields. Attribution theory is a concept in social psychology that explains how people interpret and attribute the behaviour of themselves and others. This theory was developed by. This theory helps us to understand whether people attribute their behaviour to internal factors (such as personality or effort) or external factors (such as environment or luck). The main components of attribution theory are: (1) Internal attribution (personality): Behaviour is attributed to internal characteristics of the individual, e.g. personality, motivation or abilities: 'He was successful because he is clever and works hard'. (2) External attribution (situational): Behaviour is attributed to external factors, e.g. environment, social pressure or opportunities: 'He failed the exam because the questions were too difficult'. (3) Kelley's Covariation Model: (Kelley et al., 1967) proposed three dimensions to determine whether a behavior is internally or externally attributed: Consensus: Do others behave the same way in this situation? Consistency: Does this person always behave this way in similar situations? Distinctiveness: Does this person behave differently in other situations? Weiner's Attribution Theory: (Weiner & Kukla, 1970) applied attribution theory to achievement and motivation, focusing on three dimensions: Locus of Causality: Is the cause internal or external?; Stability: Is the cause stable or unstable over time?; Controllability: Can the cause be controlled or not?; Example: A student who fails a test might attribute the failure to "bad luck" (external, unstable, uncontrollable) or "lack of preparation" (internal, unstable, controllable). In the Practical Applications especially on Workplace: Explains employee reactions to feedback, success, or failure, shaping strategies for leadership and management.

(Dayakisni & Hudaniah, 2009) states that attribution is the process of seeking answers to questions such as 'why' or 'what causes' certain behaviors, whether of others or oneself. This process helps us understand the reasons behind behavior, particularly those related to individual attitudes and characteristics. The role of an auditor in providing audit reports is highly influential in shaping decisions made by stakeholders, who expect accurate and high-quality financial statements. Researchers suggest that the quality of audit reports may be influenced by the internal and external characteristics of the auditor. This study applies attribution theory to analyze individual behaviors and

better understand how auditors produce high-quality audit reports. Attribution theory is used here to conduct an empirical study of the factors influencing auditors' performance, particularly their personal characteristics.

An auditor's personal characteristics play a crucial role in determining the quality of audit outcomes, as these internal factors drive their actions. One such internal factor is ethics, which guides auditors in fulfilling their responsibilities to society, peers, clients, and professional standards (Zarefar & Zarefar, 2016). Beyond ethics, religiosity also significantly affects an auditor's rationality. A higher level of religiosity, which stems from deeply internalized religious teachings, can positively impact auditors' rational decision-making and behavior in their professional and daily lives (Nainggolan et al., 2019).

Audit Quality

Audit quality can be defined as the effectiveness of the audit process in reducing discrepancies between information provided by managers and what shareholders expect, using a third party to verify the financial statements. According to (DeAngelo, 1981), audit quality is the probability that an auditor will detect and report any violations in the client's accounting system. (Arens, 2012) outline five principles that must be upheld by public accountants: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Additionally, public accountants must adhere to the Standards of Public Accounting Profession (SPAP), which include general standards, fieldwork standards, and reporting standards ([SA Section 150 in SPAP, 2011](#)).

The study by (Munari, 2020) shows that the quality of audits conducted by the inspectorate plays a crucial role in supporting fiscal transparency and local government accountability. The competence of internal auditors, including their experience and educational background, significantly impacts audit quality. For example, a study in Lampung found that a higher level of competence of internal auditors, evidenced by a diploma and professional training, has a positive impact on the quality of audits and accountability of local government financial reporting. In addition, the quality of internal audit is also related to compliance with Government Auditing Standards (GAAS). The implementation of these standards helps to improve the reliability of reporting by ensuring that objective evidence is collected and verified. The study shows that the oversight function of audit is not only aimed at detecting weaknesses but also at improving the efficiency and effectiveness of public financial management.

Interrelationship Between Variables

Auditing Concept

According to Agoes (2018), an audit is a critical and systematic review of an entity's financial statements prepared by management and performed by an independent party. This examination includes the accounting records and other supporting evidence to express an opinion on the fairness of the company's financial statements (Marclanta, 2018). A study published in the International Journal of Auditing found that the adoption of International Financial Reporting Standards (IFRS) is associated with higher audit costs, reflecting the increased complexity of audits and the need for more detailed audits (Kim et al., 2010).

Ethics

The Greek word "ethics" consists of two words: *ethos*, which means habit or habitual, and *ethhiokos*, which means the inner feelings or moral inclinations that guide human behaviour (Suraida, 2005). Ethics is essentially a complex process that determines how an individual should act in a given situation; according to Arens et al (2008), ethics is broadly defined as principles or moral values (Zailia, 2013). An analysis of international accounting ethical codes

highlights the importance of principles such as honesty, objectivity, professional competence, confidentiality and professional conduct as guidelines for accountants worldwide (Suraida, 2005).

Professional Ethics

Ethics is generally defined as a set of principles or moral values that establish a behavioral standard (Arens et al., 2008). Auditors must recognize the importance of ethics as a form of responsibility to society, clients, and fellow practitioners. Professional ethics encompass commendable behavior, even when it may require personal sacrifice (Fatmawati et al., 2017). Research indicates that professional ethics significantly influence audit quality. Auditors who adhere to ethical codes tend to produce higher-quality audits (Fatmawati et al., 2017).

Auditor Experience

The Indonesian Institute of Accountants states that audits should be conducted by individuals with sufficient technical expertise and training as auditors. According to Konvinna and Betri (2014), experience is a learning process and an enhancement of behavioral potential through both formal and informal education. Experience can also be defined as a process that elevates an individual to a higher behavioral pattern. Hanjani and Rahardja (2014) found that auditors with varying levels of experience will differ in how they perceive, interpret, and respond to information obtained during an audit (Megayani et al., 2020). Other studies suggest that auditor experience significantly impacts audit quality, with more experienced auditors being more competent in detecting errors and fraud (Megayani et al., 2020).

Professional Skepticism

An auditor with professional skepticism will not immediately accept a client's explanations but will instead ask questions to obtain reasons, evidence, and confirmation regarding the issue in question. Professional skepticism enables auditors to select effective audit procedures to arrive at an accurate audit opinion (Noviyanti, 2008). Professional skepticism is influenced by several factors, including expertise, experience, the audit situation, and ethical considerations (Gusti & Ali, 2008). Research shows that professional scepticism plays an important role in improving audit quality. Auditors who apply professional skepticism are more effective in detecting fraud and errors in financial statements (Gusti & Ali, 2008).

Based on the above explanation, the conceptual framework in our research is presented in the following figure:

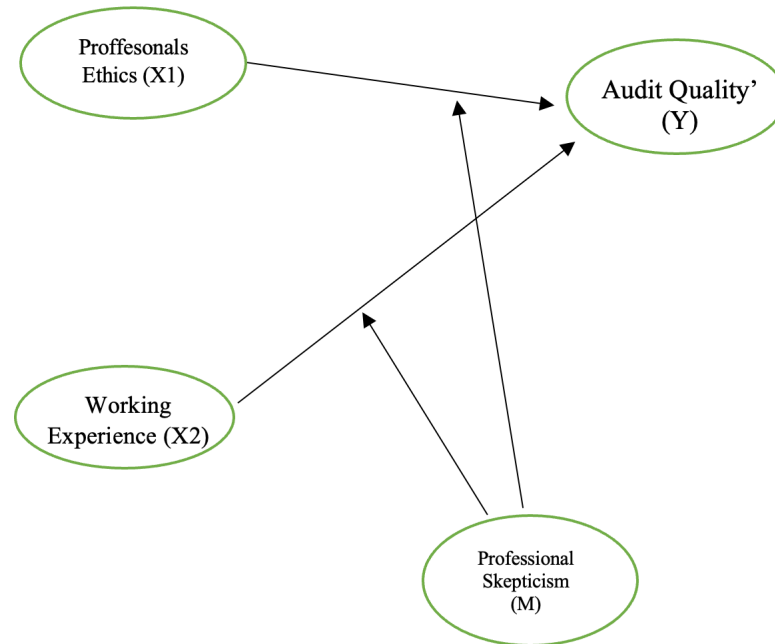


Figure 5 Research Framework

Research Hypotheses

H1: Professional ethics have a significant positive effect on audit quality.

Upholding rules and professional ethics in performing audit duties is a crucial factor influencing audit quality. In the public accounting profession, values and norms that serve as guidelines for professional duties have been established by the government in the form of the accountant profession's code of ethics. Oktarini and Ramantha (2016) state that the code of ethics establishes fundamental principles and ethical rules that must be implemented by every individual in their professional duties. Every practitioner is required to adhere to and apply all the fundamental principles and ethical rules stipulated in the professional code of ethics (Accountant Profession Code of Ethics, 2010). A study by Haeridistia & Fadjarenie (2019) found that professional ethics significantly influence audit quality.

H2: Auditor experience has a significant positive effect on audit quality.

An experienced auditor is better equipped to find solutions to problems encountered during audits due to handling numerous cases. The experience of auditors also improves their understanding of national accounting standards, which influences their behaviour in the performance of their duties and is expected to improve the quality of the audit. Putri (2020) argues that auditors with a high level of experience have an advantage when performing audits, which allows them to quickly identify errors made by the audited entity. A study by Kuntari et al. (2017) showed that audit experience has a significant impact on audit quality.

H3: Professional skepticism strengthens the positive influence of professional ethics on audit quality.

Professional skepticism is a necessity in every audit assignment. Audits must provide reasonable assurance that audit evidence is sufficient and appropriate to support the auditor's findings and conclusions. An independent mindset, impartiality, and honesty are crucial for auditors to maintain their independence and produce high-quality audits. Theodorus (2013) asserts that a critical assessment mindset that constantly questions and evaluates the validity of audit evidence is essential for detecting fraud. Research by Haeridistia & Fadjarenie (2019) confirmed that professional skepticism has a significant impact on audit quality.

H4: Professional skepticism strengthens the positive influence of auditor experience on audit quality.

Professional scepticism involves constantly asking questions, exercising caution when detecting errors or deliberate misstatements, and making fundamental judgements based on audit evidence. Johari, R. J., Hati, T. M., & Sayed Hussin, S. A. H. (2022) explain that the accountant's professional scepticism is crucial because the public relies on audited financial statements when making decisions. According to Tawakkal (2019), professional scepticism promotes the professional competence of the accountant, which in turn increases the accuracy of judgement and indirectly improves the quality of the audit opinion. A study by Kuntari et al. (2017) showed that professional scepticism has a significant effect on the quality of the audit.

2. Method also called Materials and Methods or Experimental Methods

This study used structural equation modelling (SEM) and partial least squares (PLS) quantitative methods to analyse the relationships between variables. SEM-PLS is a variance-based structural equation modelling technique suitable for small sample sizes and exploratory research (Hair et al., 2014). This study included 35 respondents from the Makassar City Prosecution Office, and SEM-PLS was an appropriate choice due to its robustness in handling small sample sizes (Henseler et al., 2016). The data analysis process begins with data processing, where the dataset is cleaned to remove incomplete responses or outliers, followed by descriptive statistics to summarise demographic trends and respondent characteristics (Sarstedt et al., 2017).

Next, the measurement model or external model is evaluated to ensure the reliability and validity of the construction. This includes verifying internal consistency using Cronbach's alpha and composite reliability (CR), both of which should be above 0.7, and ensuring item loadings above 0.7 for indicator reliability. Convergent validity was confirmed when the average variance extracted (AVE) exceeded 0.5, while discriminant validity was assessed using the Fornell-Larcker criterion or the heterotrophic unit ratio (HTMT), which should be less than 0.85 (Hair et al., 2019). Following the evaluation of the measurement model, the structural or intrinsic model was examined by analysing the path coefficients, which indicate the strength and direction of the relationships between the components. Hypothetical tests were conducted by bootstrapping 500-5000 subsamples to assess the significance of the relationships, where p-values below 0.05 were considered statistically significant (Chin, 1998). The explanatory power of the model was assessed using the R^2 value, and the predictive relevance was assessed using the Stone-Geisser Q^2 test (Geisser, 1974; Stone, 1974).

The model fit was confirmed using indicators such as standardised root mean square (SRMR), and a good fit should be less than 0.08 (Hu & Bentler, 1999). After the analysis is completed, the results will be presented in the form of tables and graphs, including loadings, path coefficients and indices of model fit. The results are discussed in the context of the research hypotheses, focusing on the effect of variables such as professional ethics, auditor experience, scepticism and audit quality etc. SEM-PLS provides insight into quantitative and structural relationships, making it an effective tool for analysing complex models in studies with limited sample size (Henseler et al., 2009).

4. Research Results

In this study, descriptive statistical analysis is used to summarise and provide an overview of the research variables, including their central tendencies, spread and distribution. This analysis helps to understand the characteristics of the data and provides valuable insights before proceeding with statistical tests (Hair et al., 2014). The descriptive statistics for the research variables are shown in the table below and provide a clear representation of the data used in this study.

Tranche	Spread (basis point)	Spread (basis point)
	(Gaussian copula)	(Student copulas)
0% à 10% (Equity)	2,952.4	3,172.895
10% à 30% (Mezzanine)	779.3024	762.065
30% à 100 % (Senior)	43.4713	30.210

Table 11 Statistics Descriptive Result

Variables	Indicator	Scale	Descriptive Research Variables		
			N	Mean	Std Deviaton
Professional Ethics	9. The personality of an auditor, including traits such as integrity, honesty, and independence, is fundamental to ethical behavior.	ordinal	35	3.80	.41380
	10. Ethical standards demand that auditors possess the necessary knowledge, skills, and expertise to perform their duties effectively.				
	11. Auditors have a responsibility not only to their clients but also to the public, ensuring that financial information is accurate and fair.				
	12. A formalized code of conduct provides a framework for acceptable auditor behavior.				
Auditor Experience	5. The length of time an auditor has been in practice contributes significantly to their ethical judgment and decision-making abilities.	ordinal	35	3.25	.46787
	6. The number of tasks or engagements an auditor has				

	undertaken reflects their practical exposure and technical expertise.				
Professional skepticism	9. Personal attributes such as integrity, independence, and diligence are fundamental to professional skepticism.	ordinal	35	4.00	.51697
	10. A proactive and questioning attitude is critical for fostering professional skepticism.				
	11. Professional skepticism is enhanced by an auditor's knowledge and experience.				
	12. The ability to critically evaluate evidence and assess its sufficiency and appropriateness is a cornerstone of professional skepticism.				
Audit quality	9. An auditor's ability, encompassing both technical expertise and analytical skills, is fundamental to their effectiveness.	ordinal	35	3.43	.48765
	10. Professional commitment reflects an auditor's dedication to their profession and ethical principles.				
	11. Motivation plays a critical role in driving auditors to maintain high standards of performance and ethical behavior.				
	12. Job satisfaction is closely linked to an auditor's overall performance and ethical conduct.				

Table 1 presents the descriptive statistical results for the variables in this study, which include the following:

- Auditor Ethics (X1): The data shows that the Auditor Ethics variable has a minimum value of 3.80, a maximum value of 5, and a mean of 4.5771. This mean falls within a scale indicating a response choice of "strongly agree." The standard deviation is 0.41380, suggesting a moderate level of variation from the average responses among respondents.

- Auditor Experience (X2): For Auditor Experience, the variable has a minimum value of 3.25, a maximum value of 5, and a mean of 4.5857. Similar to Auditor Ethics, this mean indicates a response choice of "strongly agree." The standard deviation is 0.51697, reflecting a slightly higher variation compared to Auditor Ethics.
- Professional Skepticism (M): The Professional Skepticism variable has a minimum value of 4, a maximum value of 5, and a mean of 4.4603. This mean also indicates a response choice of "strongly agree." The standard deviation of 0.46765 signifies a moderate level of deviation from the mean response.
- Audit Quality (Y): The Audit Quality variable shows a minimum value of 3.43, a maximum value of 5, and a mean of 4.2082. This mean indicates that respondents generally "strongly agree" with statements related to audit quality. The standard deviation of 0.46787 reflects moderate variation in responses.

These descriptive statistics provide a clear overview of the central tendencies and variations within the responses for each variable, serving as a foundational step for further analysis in this study.

Structural Equation Model (SEM) Testing

The primary analytical method employed in this study is Structural Equation Modeling (SEM). The testing process is conducted using the *SmartPLS* 3.0 software, which facilitates the analysis of complex relationships between variables and their indicators. The SEM approach integrates both the measurement model and the structural model, allowing for a comprehensive evaluation of the hypothesized relationships. Figure 3 presents the results of the Full Model SEM analysis performed using the Partial Least Squares (PLS) method, providing insights into the validity, reliability, and path coefficients of the study's constructs.

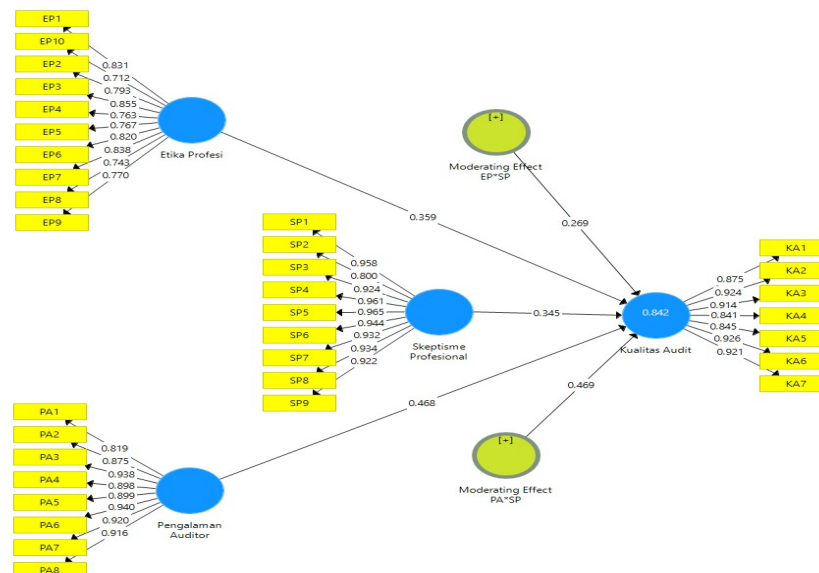


Figure 6 SEM Full Model Test Using smart PLS

Based on the test results using smart PLS as shown in Figure 2, it can be seen that there is no loading factor value below 0.50, so there is no need to drop data to remove indicators with a loading value below 0.50 in order to obtain a good model.

Outer Model

Three measurement criteria are used in the data analysis technique using Smart PLS to assess the model. The three measurements are convergent validity and composite reliability and discriminant validity.

Table 12 Validity and Reliability

Variables	Indicators	r-calculated	Cronbach Alpha	Result
Professional Ethics	EP.1	0.831	0.934	Valid and Reliable
	EP.2	0.793		
	EP.3	0.855		
	EP.4	0.763		
	EP.5	0.767		
	EP.6	0.820		
	EP.7	0.838		
	EP.8	0.743		
	EP.9	0.770		
	EP.10	0.712		
Auditor Experience	PA.1	0.819	0.968	Valid and reliable
	PA.2	0.875		
	PA.3	0.938		
	PA.4	0.898		
	PA.5	0.899		
	PA.6	0.940		
	PA.7	0.920		
	PA.8	0.916		
Professional skepticism	SP.1	0.958	0.979	Valid and reliable
	SP.2	0.800		
	SP.3	0.924		
	SP.4	0.961		
	SP.5	0.965		

	SP.6	0.944		
	SP.7	0.932		
	SP.8	0.934		
	SP.9	0.922		
Audit Quality	K A.1	0.875	0,958	Valid and reliable
	K A.2	0.924		
	K A. 3	0.914		
	K A. 4	0.841		
	K A. 5	0.845		
	K A. 6	0.926		
	K A. 7	0.921		

According to the above table, the estimated results of the external loading test using PLS for indicators such as auditor ethics, auditor experience, professional scepticism and audit quality show that the load factor for each reflective indicator is greater than 0.70, indicating that all the constructed indicators are valid. This shows that all indicators can effectively measure their respective constructs. The results of the reliability test also show strong consistency, with each variable's Cronbach's Alpha value exceeding the critical minimum of 0.70. In addition, the average variance extraction (AVE) of all constructs exceeds 0.50, ensuring the high consistency and stability of the instrument. This shows that auditor ethics, auditor experience, professional scepticism and audit quality are reliable measurement tools for assessing the issues of each construct with a high degree of reliability. Discriminant validity refers to the principle that different constructs should not be highly correlated. Discriminant validity is tested by comparing the square root of the mean AVE with the correlation value between the constructs, using the reflector index. If the square root of the AVE is higher than the correlation value between the constructs, the criterion for discriminant validity is met (Ghozali 2015). These results confirm that the measurement model fits well and has valid and reliable constructs that can be used for further structural model analysis.

Table 13 Discriminant Validity

	Professional Ethics	Audit Quality	Moderating Effect EP*SP	Moderating Effect PA*SP	Auditor Experience	Professional skepticism
Professional Ethics	0.791					
Audit Quality	0.488	0.893				
Moderating Effect EP*SP	-0.020	0.363	1.000			
Moderating Effect PA*SP	-0.041	0.512	0.155	1.000		
Auditor Experience	-0.073	0.403	-0.053	0.108	0.902	
Professional skepticism	0.542	0.461	0.322	-0.084	-0.228	0.928

As shown in Table 3, the diagonal values indicate the square root of the AVE, while the values below the diagonal indicate the correlation between the structures. The results show that the square root of AVE is always higher than the correlation between structures, confirming that the model meets the discriminant validity criteria. This indicates that each structure is independent and not highly correlated with the other structures, thus ensuring the validity of the measurement model.

Inner Model

An internal model (also known as an internal relationship, structural model or content theory) describes the relationships between latent variables based on an underlying theoretical framework. This model provides the basis for testing hypotheses and analysing how constructs interact in the research context, ensuring that structural relationships are consistent with established theoretical principles.

Table 14 R-Square Construct Variable

	R Square	R Square Adjusted
Audit Quality	0.842	0.815

From Table 4, the R-Square value for the Audit Quality variable is 0.842, indicating that it falls within the high category. This means that 84.2% of the variation in Audit Quality can be explained by the variables Professional Ethics and Auditor Experience, with Professional Skepticism acting as a moderating variable. The remaining 15.8% is influenced by other factors not included in this study, such as workload, time pressure, and other external variables. This high R-Square value suggests that the model provides strong explanatory power for the determinants of audit quality.

Table 15 Path Coefficient Analysis

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Information
Professional Ethics → Audit Quality	0.359	0.369	0.101	3.573	0.000	Approved
Auditor Experience → Audit Quality	0.468	0.453	0.118	3.978	0.000	Approved
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	
Moderating Effect EP*SP → Audit Quality	0.269	0.273	0.122	2.211	0.028	Approved
Moderating PA *SP fee audit → Audit Quality	0.469	0.464	0.107	3.393	0.000	Approved

Hypothesis Testing Results

Based on the inner weight values, which include Professional Ethics (X1) and Auditor Experience (X2), the partial effect on Audit Quality (Y) can be analyzed as follows:

9. Hypothesis Testing 1 (H1)

The first hypothesis states that professional ethics have a positive and significant effect on audit quality. Table 18 shows that the professional ethics variable has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 3.573, which is greater than 1.96. The parameter coefficient is +0.359, indicating a positive relationship between professional ethics (X1) and audit quality (Y). This means that for every one-unit increase in X1, audit quality (Y) will increase by 0.359, assuming other independent variables remain constant. The positive coefficient confirms that professional ethics directly improve audit quality. Therefore, H1 is accepted, reinforcing the idea that higher professional ethics lead to better audit quality.

10. Hypothesis Testing 2 (H2)

The second hypothesis suggests that auditor experience has a positive and significant effect on audit quality. Table 18 indicates that the auditor experience variable has a significance level of 0.000 (less than 0.05) and a t-statistic value of 3.978, which is greater than 1.96. The parameter coefficient is +0.468, signifying a positive relationship between auditor experience (X2) and audit quality (Y). This implies that for every one-unit increase in X2, audit quality (Y) will increase by 0.468, assuming other independent variables remain constant. The positive coefficient confirms that increased auditor experience leads to enhanced audit quality. Thus, H2 is accepted, proving that more experienced auditors contribute to higher audit quality.

11. Hypothesis Testing 3 (H3)

The third hypothesis examines whether professional ethics positively and significantly influence audit quality when moderated by professional skepticism. Table 19 reveals that professional ethics has a significance level of 0.028, which is less than 0.05, and a t-statistic value of 2.211, exceeding 1.96. The parameter coefficient is +0.269, indicating that when professional ethics (X1) increase by one unit and are moderated

by professional skepticism (M), audit quality (Y) increases by 0.269, with other independent variables held constant. The positive coefficient suggests that professional skepticism strengthens the relationship between professional ethics and audit quality. Therefore, H3 is accepted, indicating that professional ethics positively and significantly impact audit quality, especially when moderated by professional skepticism. The higher the level of professional ethics, when combined with professional skepticism, the better the audit quality.

12. Hypothesis Testing 4 (H4)

The fourth hypothesis posits that auditor experience has a positive and significant effect on audit quality when moderated by professional skepticism. Table 19 indicates that auditor experience has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 4.393, exceeding 1.96. The parameter coefficient is +0.469, meaning that for every one-unit increase in auditor experience (X2) while being moderated by professional skepticism (M), audit quality (Y) increases by 0.469, assuming all other independent variables remain constant. The positive coefficient confirms that professional skepticism strengthens the effect of auditor experience on audit quality. Therefore, H4 is accepted, suggesting that as auditors gain more experience and apply professional skepticism, audit quality improves significantly.

These results confirm that professional ethics and auditor experience significantly influence audit quality, and their effects are further strengthened when moderated by professional skepticism. The findings emphasize the importance of strong ethical standards, extensive auditor experience, and professional skepticism in ensuring high-quality audits

5. Discussions

The results of the hypothesis testing in this study show that professional ethics and auditor experience have a positive and significant impact on audit quality, while professional skepticism plays the role of a confirming and moderating variable in this relationship. These results are consistent with previous research findings that emphasise the importance of ethics, experience and conscientiousness in improving audit quality. For example, Svanberg & Öhman (2016) found that auditors with high levels of professional scepticism were more effective at detecting material misstatements in financial statements. This suggests that professional scepticism is a key mechanism for improving an auditor's ability to identify and manage deviations or inconsistencies during the audit process. In addition, also research by Svanberg & Öhman (2016) shows that a strong professional ethic improves audit quality. Auditors who adhere to ethical standards tend to be more objective and independent in their judgments, which in turn increases stakeholders' confidence in the audit results. Auditor experience is also considered a key factor affecting audit quality. Svanberg & Öhman (2016) found that experienced auditors are more effective at detecting errors and fraud in financial reports. Experience provides auditors with the practical knowledge and insight necessary to handle complex audit procedures and make informed professional judgments. Therefore, the results of this study are consistent with existing literature and support the view that professional ethics, auditor experience and professional scepticism are important determinants of audit quality. The implications of these findings suggest that in order to improve audit quality, organisations need to promote a strong ethical culture, provide opportunities for auditors to gain relevant experience and encourage auditors to develop a professional sceptical attitude.

Conclusions and Further Research

The objectives of this study were to explore the relationship between professional ethics and audit experience, with professional skepticism as the moderating variable. The results confirmed that professional ethics and audit experience have a positive and significant impact on audit quality, and the presence of professional skepticism can enhance the impact of professional ethics and audit experience on audit quality. The presence of professional skepticism can be used as a moderating factor to enhance the impact of professional ethics and audit experience on audit quality.

Based on these findings, several recommendations can be made. First, the sample of this study is relatively small and is limited to auditors working for audit firms in South Sulawesi. Future research should consider expanding the geographical scope and increasing the number of respondents to increase the generalisability of the findings. Second, future research should include variables other than those examined in this study to better understand the various factors that influence audit quality. Other possible factors include moderating effects of accounting knowledge, incentives/rewards, preferences, experience, and understanding of information systems.

Ultimately, this study is expected to provide valuable insights and knowledge to the South Sulawesi Audit Office to improve the quality and efficiency of the audit process. Strengthening auditors' professional ethics, professional development and encouraging professional scepticism can help improve audit quality and increase public confidence in financial reporting.

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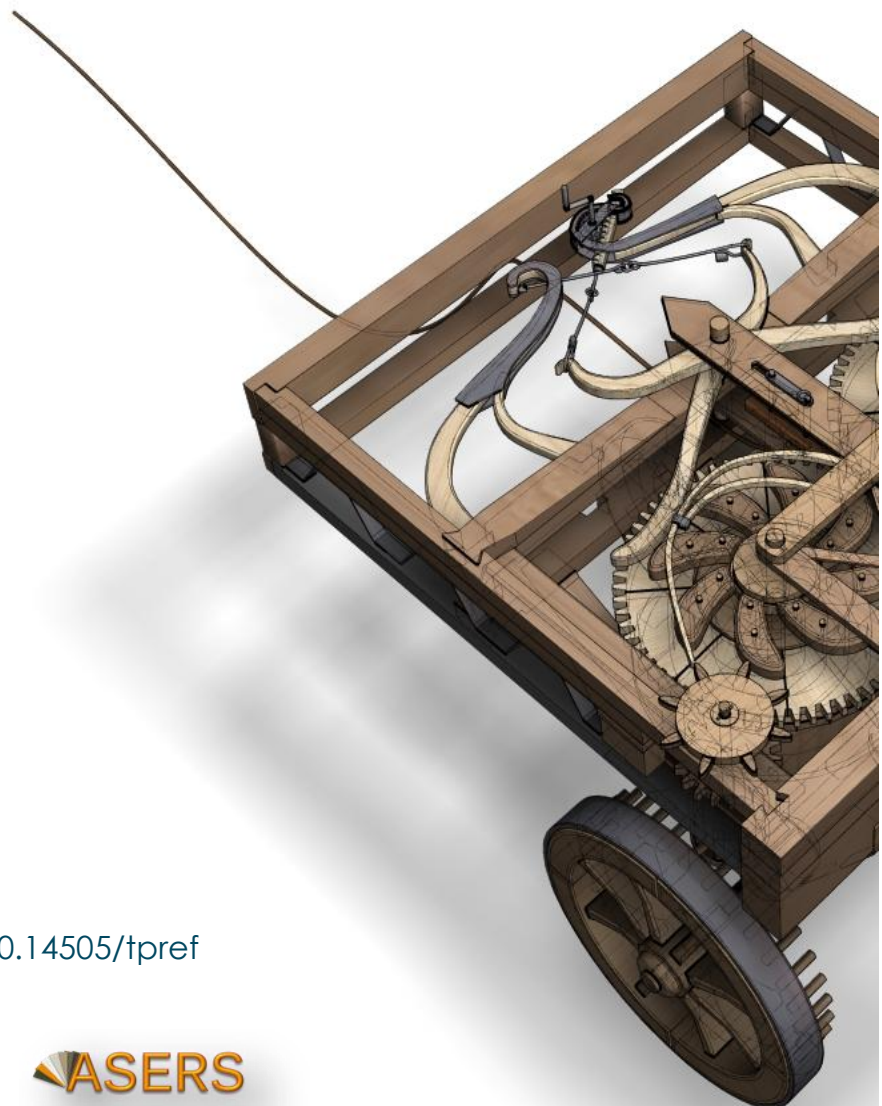
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Audit Quality Model Moderated by Professional Skepticism: Determinants of Professional Ethics and Auditor Experience

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Abstract: This research explores how an auditor's experience and professional ethics influence audit quality, with professional skepticism playing a key moderating role. Experience sharpens an auditor's ability to detect fraud, while strong ethics help them uphold integrity. Together, these factors shape professional skepticism - the cautious, questioning mindset auditors use when reviewing evidence and making decisions. The study was carried out by the South Sulawesi Provincial Audit Board in early 2024, focusing on auditors in Makassar. Rather than selecting a sample, the researchers included all 35 auditors in the city, ensuring comprehensive insights. Using field research methods, the analysis revealed that both experience and ethics significantly improve audit quality. Additionally, professional skepticism was found to positively mediate this relationship, reinforcing how critical a questioning attitude is in high-quality audits. By highlighting these connections, the study contributes to building a clearer model for how experience, ethics, and skepticism work together to enhance audit outcomes.

Keywords: auditor experience; audit quality; moderating variable; professional ethics; professional skepticism.

JEL Classification: M42; M41; D91; C12.

Introduction

With the frequent occurrence of financial scandals, the implementation of audits is very important as a bridge to build public trust and ensure the fairness of financial statements. However, many public accountants have been implicated in financial scandals, often neglecting the quality of their audits (Trihapsari and Anisykurillah, 2016). Audit quality plays a vital role in fostering trust, maintaining a healthy investment climate, and ensuring transparency across nations (Yunianti *et al.* 2021). Auditors must produce high-quality audit reports that comply with generally accepted accounting principles (Trihapsari and Anisykurillah, 2016; Rosini and Hakim, 2021).

According to the concept of regional autonomy outlined in Law no.22/1999, there was a fundamental shift in the mechanisms of government administration, leading to significant changes in state financial management. Regional governments are now responsible for managing their own financial resources (Tobing, K.S.L. *et al.* 2022). To achieve good governance, regional financial management must be monitored and audited. This is where the inspectorate plays a critical role in supervising and reviewing the financial management of regional

governments. The regional inspectorate functions similarly to internal auditors in conducting general oversight activities for local governments (Tobing, K.S.L. *et al.* 2022).

According to the Regulation of the Minister for Administrative Reform No. PER/05/M.PAN/03/2008, the measurement of audit quality on financial statements, particularly those conducted by the inspectorate as the internal government auditor, must adhere to the Standards of State Financial Auditing (SPKN). Over time, the scope of auditing has expanded beyond just financial statement audits to include compliance audits, operational audits, and fraud audits. Weaknesses in the Internal Control System (SPI) often arise when responsible officials fail to accurately record transactions and do not follow the established procedures (Susilawati, 2014). This issue is also evident in the performance of the Inspectorate of West Sumatra, where financial management oversight is still considered weak.

This indicates that the audit results used by the local government inspectorate have not yet produced good audit quality, as seen from the findings by the Supreme Audit Agency (BPK) regarding the local government's financial statements. Moreover, there are still lapses in the field that prevent the budget from being aligned with the existing planning. To achieve this expertise, formal education is necessary, supported by practical experience, which is then applied in the audit process. An auditor's maturity in conducting audits depends not only on the knowledge gained during education but also on the experience accumulated during financial examinations. One way to improve audit quality is by ensuring that auditors have sufficient experience. Research conducted by Prasanti, D. H., Ramadhanti, W., and Puspasari, N. (2019) states that experienced auditors have a better understanding of financial statements. This finding aligns with the research by (Dasila and Hajering, 2019), which shows that experience has a direct influence on the quality of audits performed by public accountants. The longer an auditor works, the more experience they gain, which in turn encourages them to broaden their knowledge in the field of auditing. This suggests that the more experience an auditor has, the higher the quality of the audit they produce (Ningrum and Budiarta, 2017).

This study seeks to bridge critical gaps in the existing literature on audit quality by exploring the combined influence of professional skepticism, auditor experience, and ethics on the quality of financial audits. While prior studies (e.g., Nelson, 2009; Glover and Prawitt, 2014) have emphasized the role of skepticism in detecting misstatements, few have integrated these factors into a unified framework to assess their collective impact on audit quality. Moreover, most research has focused on external audits, with limited exploration of internal auditors' roles, particularly within government institutions where regulatory frameworks differ (Tobing, K.S.L. *et al.* 2022). This study addresses the novel research gap by: Examining how skepticism, experience, and ethics interact in shaping audit quality, exploring differences between internal and external auditors in applying professional skepticism, and assessing the moderating role of regulatory environments on audit quality. By addressing these aspects, the study contributes to the field by offering a holistic model that can be used to improve auditing standards and practices across various industries.

The implementation of audits is critical in ensuring transparency and maintaining public trust, particularly in light of recurring financial scandals where auditors have been implicated in fraudulent activities (Trihapsari and Anisykurlillah, 2016). Audit quality plays a significant role in fostering investor confidence and ensuring the reliability of financial statements across different economic sectors (Yunianti *et al.* 2021). However, despite the emphasis on audit quality, prior research has primarily focused on individual factors such as professional skepticism, auditor experience, and ethical compliance in isolation, without integrating these factors into a comprehensive analytical framework (Nelson, 2009; Glover and Prawitt, 2014). The more experience auditors have, the longer they work, which in turn encourages them to expand their knowledge in the audit field. This suggests that the more experience auditors have, the higher the quality of audit results (Ningrum and Budiarta, 2017).

Another factor that affects the quality of audit is professional ethics. Compliance with professional ethics in the audit process is one of the elements that affects the quality of the audit. In the auditing industry, the values and norms that govern professional behaviour are established through a code of ethics that is regulated by a competent authority. According to (Murwanto *et al.* 2008; Mahmud, M. D. B., Quilim, C. A., and Hasan, L. (2024), a code of ethics is a set of values and norms that govern ethical behaviour in a profession through written rules that each member must follow and sanctions imposed on those who violate the rules Mahmud, M. D. B., Quilim, C. A., and Hasan, L. (2024).

The Code of Ethics for Professional Accountants describes several important principles that auditors must follow in addition to the technical standards that guide their work. These principles and standards aim to help auditors perform their duties to the highest possible standards. According to (Najib, 2013), ethical behavior plays a crucial role in enhancing audit quality, emphasizing that the adherence to professional ethics positively impacts

the outcome of audits. Auditors who consistently follow the rules and ethical guidelines significantly contribute to improving audit quality (Lubis and Kuntadi, 2023). Research by (Fransiska, 2014) supports this view, demonstrating that ethics has a significant positive effect on audit quality. However, studies by (Nurjanah and Kartika, 2016; Syafitri, 2014) have found that auditor ethics have no measurable impact on audit quality (Nurjanna, 2016).

On the other hand, scepticism plays a key role in detecting errors or irregularities and ensuring audit quality, especially as financial statements become more complex. Many accounting scandals are linked to the auditor's inability to satisfactorily analyse clients' financial statements. An important factor contributing to this failure is the low level of professional scepticism among auditors, which can undermine the credibility of financial statements. This, in turn, affects public confidence in the quality of financial statements and audit results. High-quality financial statements are crucial for stakeholders as they form the basis for important business decisions (Fatmawati *et al.* 2018).

Professional scepticism, which involves a critical attitude and in-depth evaluation of audit evidence, is recognised as an important factor in improving audit quality. According to Nelson (2009), professional scepticism enables auditors to correctly perceive the standards of evidence and make decisions based on unbiased evaluations. However, it also requires a balance between gathering additional evidence and the effectiveness of the audit process. Furthermore, (Hurtt *et al.* 2013) showed that professional scepticism is influenced by the auditor's personal characteristics, work situation, and pressures from the external environment such as regulations and client expectations. The study confirmed that auditors who consistently apply professional scepticism are better able to detect the risk of material misstatement and avoid audit failures.

In addition, the 'continuum of scepticism' approach proposed by (Glover and Prawitt, 2014) highlights the importance of applying different levels of scepticism depending on the risks identified in the audit. This suggests that applying professional scepticism not only improves audit quality but also provides a basis for auditors to dynamically adjust their strategies in response to changing audit conditions. This study reveals a research gap that supports the importance of professional scepticism as a key factor in building reliable and effective audit quality, given the influence of auditors' experience and professional ethics. This study seeks to fill a gap in existing research by examining how professional scepticism, auditor experience and ethics interact to shape audit quality. Previous studies have focused on professional scepticism in fraud detection and misstatement identification (Hurtt *et al.* 2013) but have largely neglected the influence of experience and ethical standards that strengthen or weaken this relationship. In addition, the role of internal auditors, especially in government entities, has been under-represented, as most studies have focused on external audits (Tobing, K.S.L. *et al.* 2022).

This research improves upon past studies by integrating skepticism, experience, and ethics into a unified framework to assess their combined impact on audit quality. This holistic approach considers how cognitive traits, technical expertise, and ethical commitment interact in audit decision-making. Unlike prior studies that mainly focus on external auditors, this study also examines internal auditors working in government institutions, evaluating whether their regulatory environment affects their levels of skepticism, ethical adherence, and experience.

Furthermore, this research incorporates a cross-country comparison to analyze how differences in audit regulations influence audit quality (Svanberg and Öhman, 2016). By understanding these variations, the study provides insights into how legal frameworks shape audit practices globally. Additionally, an industry-specific analysis explores whether audit quality determinants vary across sectors such as financial services, manufacturing, and government audits. Unlike previous studies that treat audits as uniform across industries, this study examines how different risk environments influence skepticism, experience, and ethics in the auditing process.

1. Literature Review

Attribution Theory

Attribution theory provides a framework for understanding human behaviour and interaction and is therefore highly relevant to psychology, education, management and other fields. Attribution theory is a concept in social psychology that explains how people interpret and attribute the behaviour of themselves and others. This theory was developed by. This theory helps us to understand whether people attribute their behaviour to internal factors (such as personality or effort) or external factors (such as environment or luck). The main components of attribution theory are: (1) Internal attribution (personality): Behaviour is attributed to internal characteristics of the individual, e.g. personality, motivation or abilities: 'He was successful because he is clever and works hard'. (2) External attribution (situational): Behaviour is attributed to external factors, e.g. environment, social pressure or

opportunities: 'He failed the exam because the questions were too difficult'. (3) Kelley's Covariation Model: (Kelley *et al.* 1967) proposed three dimensions to determine whether a behavior is internally or externally attributed: Consensus: Do others behave the same way in this situation? Consistency: Does this person always behave this way in similar situations? Distinctiveness: Does this person behave differently in other situations? Weiner's Attribution Theory: (Weiner & Kukla, 1970) applied attribution theory to achievement and motivation, focusing on three dimensions: Locus of Causality: Is the cause internal or external?; Stability: Is the cause stable or unstable over time?; Controllability: Can the cause be controlled or not?; Example: A student who fails a test might attribute the failure to "bad luck" (external, unstable, uncontrollable) or "lack of preparation" (internal, unstable, controllable). In the Practical Applications especially on Workplace: Explains employee reactions to feedback, success, or failure, shaping strategies for leadership and management.

(Dayakisni & Hudaniah, 2009) states that attribution is the process of seeking answers to questions such as 'why' or 'what causes' certain behaviors, whether of others or oneself. This process helps us understand the reasons behind behavior, particularly those related to individual attitudes and characteristics. The role of an auditor in providing audit reports is highly influential in shaping decisions made by stakeholders, who expect accurate and high-quality financial statements. Researchers suggest that the quality of audit reports may be influenced by the internal and external characteristics of the auditor. This study applies attribution theory to analyze individual behaviors and better understand how auditors produce high-quality audit reports. Attribution theory is used here to conduct an empirical study of the factors influencing auditors' performance, particularly their personal characteristics.

An auditor's personal characteristics play a crucial role in determining the quality of audit outcomes, as these internal factors drive their actions. One such internal factor is ethics, which guides auditors in fulfilling their responsibilities to society, peers, clients, and professional standards (Zarefar & Zarefar, 2016). Beyond ethics, religiosity also significantly affects an auditor's rationality. A higher level of religiosity, which stems from deeply internalized religious teachings, can positively impact auditors' rational decision-making and behavior in their professional and daily lives (Nainggolan *et al.* 2019).

Audit Quality

Audit quality can be defined as the effectiveness of the audit process in reducing discrepancies between information provided by managers and what shareholders expect, using a third party to verify the financial statements. According to (DeAngelo, 1981), audit quality is the probability that an auditor will detect and report any violations in the client's accounting system. (Arens, 2012) outline five principles that must be upheld by public accountants: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Additionally, public accountants must adhere to the Standards of Public Accounting Profession (SPAP), which include general standards, fieldwork standards, and reporting standards (SA Section 150 in SPAP, 2011).

The study by (Munari, 2020) shows that the quality of audits conducted by the inspectorate plays a crucial role in supporting fiscal transparency and local government accountability. The competence of internal auditors, including their experience and educational background, significantly impacts audit quality. For example, a study in Lampung found that a higher level of competence of internal auditors, evidenced by a diploma and professional training, has a positive impact on the quality of audits and accountability of local government financial reporting. In addition, the quality of internal audit is also related to compliance with Government Auditing Standards (GAAS). The implementation of these standards helps to improve the reliability of reporting by ensuring that objective evidence is collected and verified. The study shows that the oversight function of audit is not only aimed at detecting weaknesses but also at improving the efficiency and effectiveness of public financial management.

Interrelationship Between Variables

Auditing Concept

According to Agoes (2018), an audit is a critical and systematic review of an entity's financial statements prepared by management and performed by an independent party. This examination includes the accounting records and other supporting evidence to express an opinion on the fairness of the company's financial statements (Marclanta, 2018). A study published in the International Journal of Auditing found that the adoption of International Financial Reporting Standards (IFRS) is associated with higher audit costs, reflecting the increased complexity of audits and the need for more detailed audits (Kim *et al.* 2010).

Ethics

The Greek word "ethics" consists of two words: *ethos*, which means habit or habitual, and *ethhiokos*, which means the inner feelings or moral inclinations that guide human behaviour (Suraida, 2005). Ethics is essentially a

complex process that determines how an individual should act in a given situation; according to Arens *et al.* (2008), ethics is broadly defined as principles or moral values (Zailia, 2013). An analysis of international accounting ethical codes highlights the importance of principles such as honesty, objectivity, professional competence, confidentiality and professional conduct as guidelines for accountants worldwide (Suraida, 2005).

Professional Ethics

Ethics is generally defined as a set of principles or moral values that establish a behavioral standard (Arens *et al.* 2008). Auditors must recognize the importance of ethics as a form of responsibility to society, clients, and fellow practitioners. Professional ethics encompasses commendable behavior, even when it may require personal sacrifice (Fatmawati *et al.* 2017). Research indicates that professional ethics significantly influences audit quality. Auditors who adhere to ethical codes tend to produce higher-quality audits (Fatmawati *et al.* 2017).

Auditor Experience

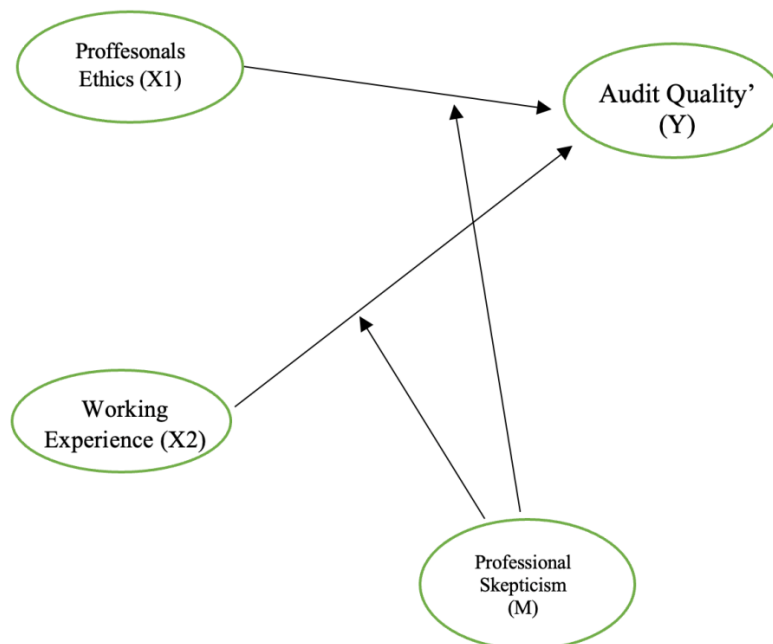
The Indonesian Institute of Accountants states that audits should be conducted by individuals with sufficient technical expertise and training as auditors. According to Konvinna and Betri (2014), experience is a learning process and an enhancement of behavioral potential through both formal and informal education. Experience can also be defined as a process that elevates an individual to a higher behavioral pattern. Hanjani and Rahardja (2014) found that auditors with varying levels of experience will differ in how they perceive, interpret, and respond to information obtained during an audit (Megayani *et al.* 2020). Other studies suggest that auditor experience significantly impacts audit quality, with more experienced auditors being more competent in detecting errors and fraud (Megayani *et al.* 2020).

Professional Skepticism

An auditor with professional skepticism will not immediately accept a client's explanations but will instead ask questions to obtain reasons, evidence, and confirmation regarding the issue in question. Professional skepticism enables auditors to select effective audit procedures to arrive at an accurate audit opinion (Noviyanti, 2008). Professional skepticism is influenced by several factors, including expertise, experience, the audit situation, and ethical considerations (Gusti & Ali, 2008). Research shows that professional skepticism plays an important role in improving audit quality. Auditors who apply professional skepticism are more effective in detecting fraud and errors in financial statements (Gusti & Ali, 2008).

Based on the above explanation, the conceptual framework in our research is presented in the following figure:

Figure 1 Research Framework



Research Hypotheses

H1: Professional ethics have a significant positive effect on audit quality.

Upholding rules and professional ethics in performing audit duties is a crucial factor influencing audit quality. In the public accounting profession, values and norms that serve as guidelines for professional duties have been established by the government in the form of the accountant profession's code of ethics. Oktarini and Ramantha (2016) state that the code of ethics establishes fundamental principles and ethical rules that must be implemented by every individual in their professional duties. Every practitioner is required to adhere to and apply all the fundamental principles and ethical rules stipulated in the professional code of ethics (Accountant Profession Code of Ethics, 2010). A study by Haeridistia and Fadjarenie (2019) found that professional ethics significantly influence audit quality.

H2: Auditor experience has a significant positive effect on audit quality.

An experienced auditor is better equipped to find solutions to problems encountered during audits due to handling numerous cases. The experience of auditors also improves their understanding of national accounting standards, which influences their behaviour in the performance of their duties and is expected to improve the quality of the audit. Putri (2020) argues that auditors with a high level of experience have an advantage when performing audits, which allows them to quickly identify errors made by the audited entity. A study by Kuntari *et al.* (2017) showed that audit experience has a significant impact on audit quality.

H3: Professional skepticism strengthens the positive influence of professional ethics on audit quality.

Professional skepticism is a necessity in every audit assignment. Audits must provide reasonable assurance that audit evidence is sufficient and appropriate to support the auditor's findings and conclusions. An independent mindset, impartiality, and honesty are crucial for auditors to maintain their independence and produce high-quality audits. Theodorus (2013) asserts that a critical assessment mindset that constantly questions and evaluates the validity of audit evidence is essential for detecting fraud. Research by Haeridistia and Fadjarenie (2019) confirmed that professional skepticism has a significant impact on audit quality.

H4: Professional skepticism strengthens the positive influence of auditor experience on audit quality.

Professional scepticism involves constantly asking questions, exercising caution when detecting errors or deliberate mis statements, and making fundamental judgements based on audit evidence. Johari, R. J., Hati, T. M., & Sayed Hussin, S. A. H. (2022) explain that the accountant's professional scepticism is crucial because the public relies on audited financial statements when making decisions. According to Tawakkal (2019), professional scepticism promotes the professional competence of the accountant, which in turn increases the accuracy of judgement and indirectly improves the quality of the audit opinion. A study by Kuntari *et al.* (2017) showed that professional scepticism has a significant effect on the quality of the audit.

2. Method also Called Materials and Methods or Experimental Methods

This study used structural equation modelling (SEM) and partial least squares (PLS) quantitative methods to analyse the relationships between variables. SEM-PLS is a variance-based structural equation modelling technique suitable for small sample sizes and exploration research (Hair *et al.* 2014). This study included 35 respondents from the Makassar City Prosecution Office, and SEM-PLS was an appropriate choice due to its robustness in handling small sample sizes (Henseler *et al.* 2016). The data analysis process begins with data processing, where the dataset is cleaned to remove incomplete responses or outliers, followed by descriptive statistics to summarise demographic trends and respondent characteristics (Sarstedt *et al.* 2017).

Next, the measurement model or external model is evaluated to ensure the reliability and validity of the construction. This includes verifying internal consistency using Cronbach's alpha and composite reliability (CR), both of which should be above 0.7, and ensuring item loadings above 0.7 for indicator reliability. Convergent validity was confirmed when the average variance extracted (AVE) exceeded 0.5, while discriminant validity was assessed using the Fornell-Larcker criterion or the heterotrophic unit ratio (HTMT), which should be less than 0.85 (Hair *et al.* 2019). Following the evaluation of the measurement model, the structural or intrinsic model was examined by analysing the path coefficients, which indicate the strength and direction of the relationships between the components. Hypothetical tests were conducted by bootstrapping 500-5000 subsamples to assess the significance of the relationships, where p-values below 0.05 were considered statistically significant (Chin, 1998). The explanatory power of the model was assessed using the R² value, and the predictive relevance was assessed using the Stone-Geisser Q² test (Geisser, 1974; Stone, 1974).

The model fit was confirmed using indicators such as standardised root mean square (SRMR), and a good fit should be less than 0.08 (Hu & Bentler, 1999). After the analysis is completed, the results will be presented in the form of tables and graphs, including loadings, path coefficients and indices of model fit. The results are discussed in the context of research hypotheses, focusing on the effect of variables such as professional ethics, auditor experience, scepticism and audit quality etc. SEM-PLS provides insight into quantitative and structural relationships, making it an effective tool for analysing complex models in studies with limited sample size (Henseler *et al.* 2009).

4. Research Results

In this study, descriptive statistical analysis is used to summarise and provide an overview of the research variables, including their central tendencies, spread and distribution. This analysis helps to understand the characteristics of the data and provides valuable insights before proceeding with statistical tests (Hair *et al.* 2014). The descriptive statistics for the research variables are shown in the table below and provide a clear representation of the data used in this study.

Tranche	Spread point (Gaussian copula)	Spread (basis point) (Student copulas)
0% à 10% (Equity)	2,952.4	3,172.895
10% à 30% (Mezzanine)	779.3024	762.065
30% à 100 % (Senior)	43.4713	30.210

Table 7 Statistics Descriptive Result

Variables	Indicator	Scale	Descriptive Research Variables		
			N	Mean	Std Deviaton
Professional Ethics	1. The personality of an auditor, including traits such as integrity, honesty, and independence, is fundamental to ethical behavior.	ordinal	35	3.80	.41380
	2. Ethical standards demand that auditors possess the necessary knowledge, skills, and expertise to perform their duties effectively.				
	3. Auditors have a responsibility not only to their clients but also to the public, ensuring that financial information is accurate and fair.				
	4. A formalized code of conduct provides a framework for acceptable auditor behavior.				
Auditor Experience	1. The length of time an auditor has been in practice contributes significantly to their ethical judgment and decision-making abilities.	ordinal	35	3.25	.46787
	2. The number of tasks or engagements an auditor has undertaken reflects their practical exposure and technical expertise.				
Professional skepticism	1. Personal attributes such as integrity, independence, and diligence are fundamental to professional skepticism.	ordinal	35	4.00	.51697
	2. A proactive and questioning attitude is critical for fostering				

Variables	Indicator	Scale	Descriptive Research Variables		
Audit quality	professional skepticism.	ordinal	35	3.43	.48765
	3. Professional skepticism is enhanced by an auditor's knowledge and experience.				
	4. The ability to critically evaluate evidence and assess its sufficiency and appropriateness is a cornerstone of professional skepticism.				
	1. An auditor's ability, encompassing both technical expertise and analytical skills, is fundamental to their effectiveness.				
Audit quality	2. Professional commitment reflects an auditor's dedication to their profession and ethical principles.	ordinal	35	3.43	.48765
	3. Motivation plays a critical role in driving auditors to maintain high standards of performance and ethical behavior.				
	4. Job satisfaction is closely linked to an auditor's overall performance and ethical conduct.				

Table 1 presents the descriptive statistical results for the variables in this study, which include the following:

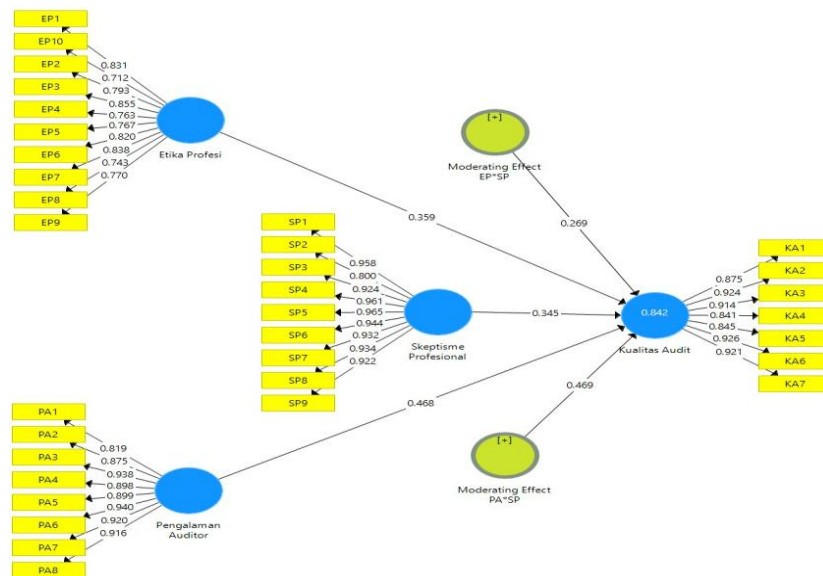
- Auditor Ethics (X1): The data shows that the Auditor Ethics variable has a minimum value of 3.80, a maximum value of 5, and a mean of 4.5771. This mean falls within a scale indicating a response choice of "strongly agree." The standard deviation is 0.41380, suggesting a moderate level of variation from the average responses among respondents.
- Auditor Experience (X2): For Auditor Experience, the variable has a minimum value of 3.25, a maximum value of 5, and a mean of 4.5857. Similar to Auditor Ethics, this means indicates a response choice of "strongly agree." The standard deviation is 0.51697, reflecting a slightly higher variation compared to Auditor Ethics.
- Professional Skepticism (M): The Professional Skepticism variable has a minimum value of 4, a maximum value of 5, and a mean of 4.4603. This means also indicates a response choice of "strongly agree." The standard deviation of 0.46765 signifies a moderate level of deviation from the mean response.
- Audit Quality (Y): The Audit Quality variable shows a minimum value of 3.43, a maximum value of 5, and a mean of 4.2082. This indicates that respondents generally "strongly agree" with statements related to audit quality. The standard deviation of 0.46787 reflects moderate variation in responses.

These descriptive statistics provide a clear overview of the central tendencies and variations within the responses for each variable, serving as a foundational step for further analysis in this study.

Structural Equation Model Testing

The primary analytical method employed in this study is Structural Equation Modeling (SEM). The testing process is conducted using the SmartPLS 3.0 software, which facilitates the analysis of complex relationships between variables and their indicators. The SEM approach integrates both the measurement model and the structural model, allowing for a comprehensive evaluation of the hypothesized relationships. Figure 3 presents the results of the Full Model SEM analysis performed using the Partial Least Squares (PLS) method, providing insights into the validity, reliability, and path coefficients of the study's constructs.

Figure 2 SEM Full Model Test Using smart PLS



Based on the test results using smart PLS as shown in Figure 2, it can be seen that there is no loading factor value below 0.50, so there is no need to drop data to remove indicators with a loading value below 0.50 in order to obtain a good model.

Outer Model

Three measurement criteria are used in the data analysis technique using Smart PLS to assess the model. The three measurements are convergent validity and composite reliability and discriminant validity.

Table 8. Validity and Reliability

Variables	Indicators	r-calculated	Cronbach Alpha	Result
Professional Ethics	EP.1	0.831	0.934	Valid and Reliable
	EP.2	0.793		
	EP.3	0.855		
	EP.4	0.763		
	EP.5	0.767		
	EP.6	0.820		
	EP.7	0.838		
	EP.8	0.743		
	EP.9	0.770		
	EP.10	0.712		
Auditor Experience	PA.1	0.819	0.968	Valid and reliable
	PA.2	0.875		
	PA.3	0.938		
	PA.4	0.898		
	PA.5	0.899		
	PA.6	0.940		
	PA.7	0.920		
	PA.8	0.916		
Professional skepticism	SP.1	0.958	0.979	Valid and reliable
	SP.2	0.800		
	SP.3	0.924		
	SP.4	0.961		

Variables	Indicators	r-calculated	Cronbach Alpha	Result
Audit Quality	SP.5	0.965	0,958	Valid and reliable
	SP.6	0.944		
	SP.7	0.932		
	SP.8	0.934		
	SP.9	0.922		
	K A.1	0.875		
	K A.2	0.924		
Audit Quality	K A. 3	0.914	0,958	Valid and reliable
	K A. 4	0.841		
	K A. 5	0.845		
	K A. 6	0.926		
	K A. 7	0.921		

According to the above table, the estimated results of the external loading test using PLS for indicators such as auditor ethics, auditor experience, professional scepticism and audit quality show that the load factor for each reflective indicator is greater than 0.70, indicating that all the constructed indicators are valid. This shows that all indicators can effectively measure their respective constructs. The results of the reliability test also show strong consistency, with each variable's Cronbach's Alpha value exceeding the critical minimum of 0.70. In addition, the average variance extraction (AVE) of all constructs exceeds 0.50, ensuring the high consistency and stability of the instrument. This shows that auditor ethics, auditor experience, professional scepticism and audit quality are reliable measurement tools for assessing the issues of each construct with a high degree of reliability. Discriminant validity refers to the principle that different constructs should not be highly correlated. Discriminant validity is tested by comparing the square root of the mean AVE with the correlation value between the constructs, using the reflector index. If the square root of the AVE is higher than the correlation value between the constructs, the criterion for discriminant validity is met (Ghozali 2015). These results confirm that the measurement model fits well and has valid and reliable constructions that can be used for further structural model analysis.

Table 9. Discriminant Validity

	Professional Ethics	Audit Quality	Moderating Effect EP*SP	Moderating Effect PA*SP	Auditor Experience	Professional skepticism
Professional Ethics	0.791					
Audit Quality	0.488	0.893				
Moderating Effect EP*SP	-0.020	0.363	1.000			
Moderating Effect PA*SP	-0.041	0.512	0.155	1.000		
Auditor Experience	-0.073	0.403	-0.053	0.108	0.902	
Professional skepticism	0.542	0.461	0.322	-0.084	-0.228	0.928

As shown in Table 3, the diagonal values indicate the square root of the AVE, while the values below the diagonal indicate the correlation between the structures. The results show that the square root of AVE is always higher than the correlation between structures, confirming that the model meets the discriminant validity criteria. This indicates that each structure is independent and not highly correlated with the other structures, thus ensuring the validity of the measurement model.

Inner Model

An internal model (also known as an internal relationship, structural model or content theory) describes the relationships between latent variables based on an underlying theoretical framework. This model provides the basis for testing hypotheses and analysing how constructs interact in the research context, ensuring that structural relationships are consistent with established theoretical principles.

Table 10. R-Square Construct Variable

	R Square	R Square Adjusted
Audit Quality	0.842	0.815

From Table 4, the R-Square value for the Audit Quality variable is 0.842, indicating that it falls within the high category. This means that 84.2% of the variation in Audit Quality can be explained by the variables Professional Ethics and Auditor Experience, with Professional Skepticism acting as a moderate variable. The remaining 15.8% is influenced by other factors not included in this study, such as workload, time pressure, and other external variables. This high R-Square value suggests that the model provides strong explanatory power for the determinants of audit quality.

Table 11. Path Coefficient Analysis

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Information
Professional Ethics → Audit Quality	0.359	0.369	0.101	3.573	0.000	Approved
Auditor Experience → Audit Quality	0.468	0.453	0.118	3.978	0.000	Approved
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	
Moderating Effect EP*SP → Audit Quality	0.269	0.273	0.122	2.211	0.028	Approved
Moderating PA *SP fee audit → Audit Quality	0.469	0.464	0.107	3.393	0.000	Approved

Hypothesis Testing Results

Based on the inner weight values, which include Professional Ethics (X1) and Auditor Experience (X2), the partial effect on Audit Quality (Y) can be analyzed as follows:

1. Hypothesis Testing 1 (H1)

The first hypothesis states that professional ethics have a positive and significant effect on audit quality. Table 18 shows that the professional ethics variable has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 3.573, which is greater than 1.96. The parameter coefficient is +0.359, indicating a positive relationship between professional ethics (X1) and audit quality (Y). This means that for every one-unit increase in X1, audit quality (Y) will increase by 0.359, assuming other independent variables remain constant. The positive coefficient confirms that professional ethics directly improve audit quality. Therefore, H1 is accepted, reinforcing the idea that higher professional ethics leads to better audit quality.

2. Hypothesis Testing 2 (H2)

The second hypothesis suggests that auditor experience has a positive and significant effect on audit quality. Table 18 indicates that the auditor experience variable has a significance level of 0.000 (less than 0.05) and a t-statistic value of 3.978, which is greater than 1.96. The parameter coefficient is +0.468, signifying a positive relationship between auditor experience (X2) and audit quality (Y). This implies that for every one-unit increase in X2, audit quality (Y) will increase by 0.468, assuming other independent variables remain constant.

The positive coefficient confirms that increased auditor experience leads to enhanced audit quality. Thus, H2 is accepted, proving that more experienced auditors contribute to higher quality audit.

3.Hypothesis Testing 3 (H3)

The third hypothesis examines whether professional ethics positively and significantly influence audit quality when moderated by professional skepticism. Table 19 reveals that professional ethics has a significance level of 0.028, which is less than 0.05, and a t-statistic value of 2.211, exceeding 1.96. The parameter coefficient is +0.269, indicating that when professional ethics (X1) increase by one unit and are moderated by professional skepticism (M), audit quality (Y) increases by 0.269, with other independent variables held constant. The positive coefficient suggests that professional skepticism strengthens the relationship between professional ethics and audit quality. Therefore, H3 is accepted, indicating that professional ethics positively and significantly impact audit quality, especially when moderated by professional skepticism. The higher the level of professional ethics, when combined with professional skepticism, the better the audit quality.

4.Hypothesis Testing 4 (H4)

The fourth hypothesis posits that auditor experience has a positive and significant effect on audit quality when moderated by professional skepticism. Table 19 indicates that auditor experience has a significance level of 0.000, which is less than 0.05, and a t-statistic value of 4.393, exceeding 1.96. The parameter coefficient is +0.469, meaning that for every one-unit increase in auditor experience (X2) while being moderated by professional skepticism (M), audit quality (Y) increases by 0.469, assuming all other independent variables remain constant. The positive coefficient confirms that professional skepticism strengthens the effect of auditor experience on audit quality. Therefore, H4 is accepted, suggesting that as auditors gain more experience and apply professional skepticism, audit quality improves significantly.

These results confirm that professional ethics and auditor experience significantly influence audit quality, and their effects are further strengthened when moderated by professional skepticism. The findings emphasize the importance of strong ethical standards, extensive auditor experience, and professional skepticism in ensuring high-quality audits

5. Discussions

The results of the hypothesis testing in this study show that professional ethics and auditor experience have a positive and significant impact on audit quality, while professional scepticism plays the role of a confirming and moderating variable in this relationship. These results are consistent with previous research findings that emphasise the importance of ethics, experience and conscientiousness in improving audit quality. For example, Svanberg and Öhman (2016) found that auditors with high levels of professional scepticism were more effective at detecting material misstatements in financial statements. This suggests that professional scepticism is a key mechanism for improving an auditor's ability to identify and manage deviations or inconsistencies during the audit process. In addition, research by Shaub and Lawrence (1996) shows that a strong professional ethic improves audit quality. Auditors who adhere to ethical standards tend to be more objective and independent in their judgments, which in turn increases stakeholders' confidence in the audit results. Auditor experience is also considered a key factor affecting audit quality. Owoso, Messier and Lynch (2002) found that experienced auditors are more effective at detecting errors and fraud in financial reports. Experience provides auditors with the practical knowledge and insight necessary to handle complex audit procedures and make informed professional judgments. Therefore, the results of this study are consistent with existing literature and support the view that professional ethics, auditor experience and professional scepticism are important determinants of audit quality. The implications of these findings suggest that in order to improve audit quality, organisations need to promote a strong ethical culture, provide opportunities for auditors to gain relevant experience and encourage auditors to develop a professional sceptical attitude.

Conclusions and Further Research

The objectives of this study were to explore the relationship between professional ethics and audit experience, with professional skepticism as the moderating variable. The results confirmed that professional ethics and audit experience have a positive and significant impact on audit quality, and the presence of professional skepticism can enhance the impact of professional ethics and audit experience on audit quality. The presence of professional skepticism can be used as a moderating factor to enhance the impact of professional ethics and audit experience on audit quality.

Based on these findings, several recommendations can be made. First, the sample of this study is relatively small and is limited to auditors working for audit firms in South Sulawesi. Future research should consider expanding the geographical scope and increasing the number of respondents to increase the generalisability of the findings. Second, future research should include variables other than those examined in this study to better understand the various factors that influence audit quality. Other possible factors include moderating effects of accounting knowledge, incentives/rewards, preferences, experience, and understanding of information systems.

Ultimately, this study is expected to provide valuable insights and knowledge to the South Sulawesi Audit Office to improve the quality and efficiency of the audit process. Strengthening auditors' professional ethics, professional development and encouraging professional scepticism can help improve audit quality and increase public confidence in financial reporting.

Credit Authorship Contribution Statement

The authors contributed equally to this research.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Declaration of Use of Generative AI and AI-Assisted Technologies

The authors declare that they have not used generative AI and AI-assisted technologies during the preparation of this work.

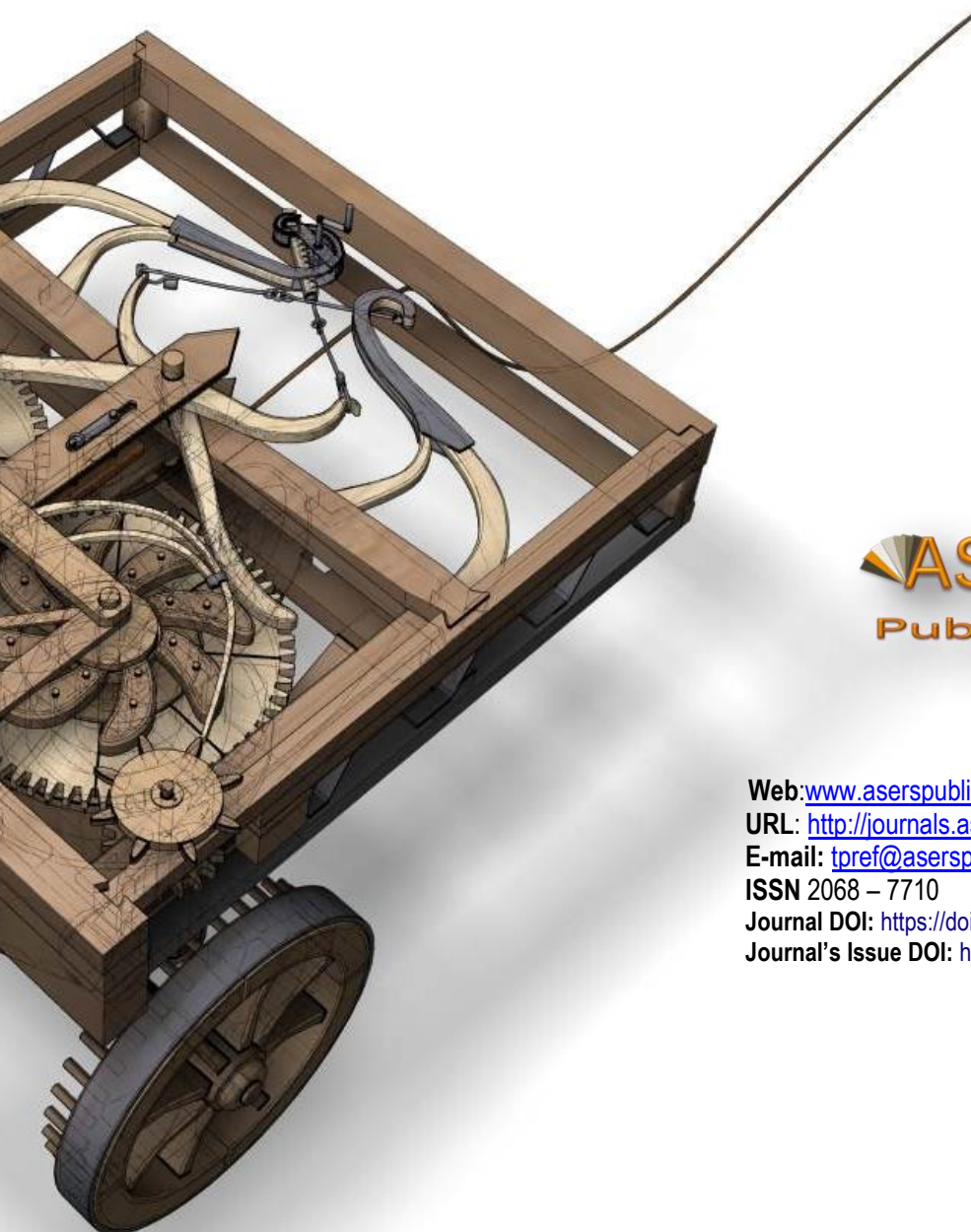
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