



## Analysis of External Factors Affecting Audit Quality in Indonesia

Wellia Novita<sup>1</sup>, Puspita Rama Nopiana<sup>2</sup>, Yovy Annisa Putri<sup>3</sup>

<sup>1</sup>Accounting, Universitas Putra Indonesia YPTK Padang, Indonesia, STIE Galileo, Indonesia<sup>2</sup>.

<sup>3</sup>Employee ADHI-Jaya Konstruksi, KSO, Indonesia

Email: <sup>1</sup>wellianvt1@gmail.com, <sup>2</sup>ramanopiana@gmail.com, <sup>3</sup>yovyannisa05@gmail.com

 <https://doi.org/10.54099/ijibmr.v2i1.143>

### ARTICLE INFO

#### Research Paper

#### Article history:

Received: 13 May 2022

Revised: 21 June 2022

Accepted: 22 June 2022

**Keywords:** Audit Tenure;  
Reputation Auditor; Rotation  
KAP; Audit Quality

### ABSTRACT

*This study aims to analyze the effect of audit tenure, auditor reputation and KAP rotation on audit quality, either partially or simultaneously in Indonesian companies, namely manufacturing the basic and chemical industrial sectors listed on the IDX for the 2015-2019 period. The method used is a quantitative method, where the population in the study is to take a total of Indonesian companies, especially manufacturing companies in the basic and chemical industrial sector in Indonesia from the 2015-2019 period, which is as many as 76 companies. Samples taken from the population are those that meet the predetermined criteria, so that only 43 companies are used as samples for this study. The data used for this study were 215 (43 companies x 5 years of financial reporting period). The results of the study explain bahwa audit tenure has no significant effect on audit quality, where the audit engagement period is not a problem for quality audits. Auditor reputation does not significantly affect audit quality in Indonesian companies. This proves that the size of the KAP does not affect the quality of the audit provided, so that the public accounting profession maintains public trust. KAP rotation has a significant influence on audit quality in Indonesian companies, so that auditors must pay attention to KAP rotation which is regulated by regulations. Audit tenure, auditor reputation and KAP rotation together have no significant effect on audit quality in Indonesian companies. This is generally regulated by regulations, so it is only necessary to supervise the established procedures so that audit quality can be presented properly and fairly.*

*This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.*

### INTRODUCTION

Companies in Indonesia, especially those listed on the Indonesia Stock Exchange (IDX) always publish financial reports that have been audited by public accountants. The accountant prepares an audit report by issuing an opinion as outlined in the audit report. To avoid the occurrence of financial scandals involving public accountants which resulted in a decrease in public trust in public accountants, public accountants are required to improve the quality of audits produced by auditors so that they are able to gain public trust without doubt. Financial statements that have been audited by public accountants are more reliable than financial statements that have not or have not been audited. Reports are very important in audit assignments because they communicate the auditor's findings (Rifai, 2019).

The phenomenon that occurred in the case of PT Tiga Pilar Sejahtera Food Tbk - Ernst Young. This case related to the reputation of the auditor is the case of PT. Tiga Pilar Sejahtera Food Tbk (AISA)



2017, quoted from (acuntansi.or.id) that there are indications of audit violations by Auditor Wahyudianto, who is one of the partners at RSM Indonesia. The finance ministry's PPPK, Adi Budiarto, confirmed that there were sanctions for both KAP and public accountants. The violations committed were against the accounting and auditing standards that apply in the professional code of ethics. According to Adi Budiarto, the sanctions given range from a warning to the suspension of KAP. The case that occurs above makes other parties question the quality of the auditor and will affect the reputation of the auditor, because poor audit quality will affect the audited party. Finally, if the client feels aggrieved by the auditor, it is likely that the client will switch to another auditor. (<https://www.indopremier.com/>). The explanation above illustrates that the auditor should carry out the audit process in accordance with the procedures and ethics set out in the applicable Auditing Standards. However, it is not only limited to following audit procedures, the auditor must also uphold his professionalism and independence attitude to the client so that a healthy good relationship can be established between the auditor, KAP and the client. So that the audited financial statements can be accounted for to interested parties in decision making. This is important for an auditor to maintain audit quality. Audit quality as a possibility that the auditor will detect and report material misstatements (De Angelo, 1981) in (Zulfikar, 2019).

The results of audit quality are used to increase the credibility of financial statements for users of accounting information. Thus, it can reduce the risk of financial information that is not credible in financial statements for users of financial statements, especially investors. Audit quality aims to improve the results of audit performance on the client's financial statements in checking for material misstatements in the financial statements. Competition for public accounting firms to create quality audit results is getting tougher, audit quality is not only influenced by internal factors but is also influenced by external factors such as audit tenure, auditor reputation, KAP rotation. Audit quality has positive implications for industry specialization because auditors who have experience in auditing client reports in specific industries have more expertise in identifying specific industrial cases than auditors who do not have experience in auditing specific industry reports (Andreas, 2012).

The audit period is the period of engagement between the auditor and the client as measured by the number of years the audit was performed. If the audit of the Public Accounting Firm is carried out over a long period of time, it can lead to controversial findings. This explanation has been proven in previous research, which still gives fluctuating results, namely Research (Rini, 2016) proves that audit tenure has a positive influence on audit quality in manufacturing companies, while research (Mgbame, et al, 2012) has proven that audit tenure negative effect on audit quality. The results of the study show that audit tenure in a long period of time can damage auditor independence so that it can reduce audit quality, and vice versa the time period has an influence on audit quality. Audit tenure is associated with auditor expertise (Hasanah and Putri, 2018) in (Purnomo & Aulia, 2019). The longer the duration of the engagement causes a decrease in independence and objectivity because it has a close relationship or special relationship between the two parties and it is feared that it will affect audit quality. Furthermore, other studies also emphasize that companies have different characteristics, so an auditor needs to do a pre-audit first so that there is no failure in the audit process (Nadya et al., 2019).

Auditor reputation is often used to identify the results of quality audit reports, but it is still rare to see the competence and independent auditors to measure how good the audit quality

can be. Previous research explained that the auditor's reputation is based on the client's belief that the auditor has the ability to audit in general. (Tandiontong, 2016) in (Indriani et al., 2020). It is further confirmed by other studies that the reputation of the auditor is based on the trust of users of auditor services that the auditor has monitoring power that is generally not observable. (Setyarno et al, 2006) in (Saputri, 2012). A high-reputation KAP is identical to a large KAP, where a large KAP indicates the auditor's ability to be independent and professional towards clients. This is also explained by research stating that a reputable KAP explains the attitude of auditor independence in carrying out audit tasks and is not economically dependent on clients (Giri, 2010) in (Andriani & Nursiam, 2018). KAP rotation is a change in Public Accounting Firms with the aim of improving audit quality based on the assumption that the longer the relationship between auditors (both audit partners (AP) and Public Accounting Firms (KAP)) and their clients will reduce auditor independence. Public accountants in Indonesia can only audit the company's financial statements for a maximum of 3 consecutive years (Andriani & Nursiam, 2018).

Arguments that support the provision of mutation regulations because auditor independence accountability can be undermined by a long tenure with company managers, then improve the quality and competence of auditors in auditing and uncovering errors contained in the company's financial statements that change significantly in accordance with applicable regulations (Wicaksono, 2019). This explanation is supported by previous research (Giri, 2010) in (Indriani et al., 2020) who found that KAP rotation has an influence on audit quality, further explaining that KAP rotation can still affect the quality of a given audit because the competence of an auditor does not develop optimally because the auditor audits the same company, where creative ideas do not appear so that the auditor's ability will decrease. While the results of research conducted by (Kartikasari, 2014) concluded that audit rotation has a negative effect on audit quality in terms of neutrality, no effect has been found on other audit quality measurements.

The explanation above gives a research gap, so the difference with previous research namely by using different objects and research periods. Previous research also used variables separately, so this will combine the variables into a single unit, namely audit tenure, auditor reputation, KAP rotation and audit quality. This research is very important to do, because there are still gaps and conditions of distrust that are revealed due to the auditor's actions on the audit results. Therefore, the review will be discussed further in the study entitled: The analysis is carried out on external factors of audit tenure, auditor reputation, and KAP rotation on audit quality. The object of this research is focused on Indonesian companies, especially manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2015-2019 period. The purpose of this study was to analyze the effect of audit tenure, auditor reputation and KAP rotation on audit quality, either partially or simultaneously.

## **LITERATURE REVIEW**

Starting from agency theory, it can be assumed that each individual tends to be selfish (Prasetya and Rozali, 2016) in (Zulfikar, 2019). This creates a conflict of interest between the principal and the agent. Principals have an interest in maximizing their profits while agents have an interest in maximizing the fulfillment of their economic and psychological needs. Conflicts will continue to increase because the principal cannot supervise the day-to-day activities of the agent, namely to ensure that the agent has worked according to the wishes of the principal. This will cause an imbalance of information between the agent and the



principal. The auditor becomes a mediator between the principal and the agent and functions to monitor the behavior of the manager as an agent and ensure that the agent acts in accordance with the interests of the principal. Auditors are parties who are considered capable of bridging the interests of the principal with the manager as a form of accountability from the manager to the principal. The task of the auditor is to provide an opinion on the fairness of the financial statements provided by the manager whose reliability can be seen from the quality of the audit produced by the auditor (Yanti, et al, 2018) in (Zulfikar, 2019).

Audit quality is the tendency of the auditor to detect and disclose fraud contained in the client's financial statements. Good audit quality will produce information that is very useful in making decisions (Febriyanti and Mertha, 2014) in (Hadi, 2017). Audit quality is an audit conducted by an independent auditor to determine the quality produced (Himawan and Emarila, 2010) in (Indriani et al., 2020). The opinion of the auditor is needed to know about the accuracy of the financial statements presented by the company must be with the relevant opinion from the results of a good audit report. Audit quality in this study was measured using a dummy variable. This measurement was adopted from (Nugroho, 2018) in (Irma et al., 2019), namely if the company's financial statements receive an unqualified opinion, it is coded 1, while other than an unqualified opinion it is coded 0. Tenure auditor (KAP) shows the length of the relationship between the auditor and the client (Junaidi & Nardiono, 2016).

In Indonesia, provisions related to tenure audit have been regulated in a decision by the Minister of Finance of the Republic of Indonesia Number 359/KMK.06/2003 regarding public accounting services (amendment to Decree of the Minister of Finance Number 423/KMK.06/2002). This regulation states that the provision of general audit services on the financial statements of an entity can be carried out by a Public Accounting Firm for a maximum of 5 consecutive financial years and by a Public Accountant for a maximum of 3 consecutive financial years. This regulation was then updated with the issuance of Regulation of the Minister of Finance of the Republic of Indonesia Number 17/PMK.01/2008 concerning public accounting services. The changes that have occurred include the provision of general audit services for 6 consecutive financial years by a Public Accounting Firm and 3 consecutive financial years by a Public Accountant to the same client. With the issuance of this decision, it is expected to prevent fraud caused by the closeness between the auditor and the client. In this study, audit tenure is measured by counting the years in which the same KAP has engaged with the auditee within the regulatory limits set by the government (Andriani & Nursiam, 2018). The first year of engagement begins with the number 1 and is added by one for subsequent years.

The reputation of the auditor is based on the belief of users of auditor services that the auditor has monitoring power that is generally not observable. KAP with high reputation is synonymous with big KAP. The large size of the KAP shows the auditor's ability to be independent (Ivan, 2020). Auditor reputation is the achievement and public trust carried by the auditor based on the big name that the auditor has (Sari and Widanaputra, 2016) in (Zulfikar, 2019). The auditor's reputation variable in this study was measured using a dummy variable, which was given a code of 1 if the KAP was affiliated with the Big Four KAP and code 0 if the KAP was not affiliated with the Big Four KAP (Andriani & Nursiam, 2018).

KAP rotation must be carried out to be able to develop the quality of the resulting audit. Because, the longer the relationship between the auditor and the client company will make the auditor not independent. However, if the KAP rotation is carried out, it can reduce audit quality, because to deal with new clients the auditor must understand and learn more than

when continuing the work of previous clients. KAP rotation is a change in public accounting firm where public accountants in Indonesia can only audit the company's financial statements for a maximum of three consecutive years. Therefore, the KAP rotation variable refers to research conducted by (Rifai, 2019), namely KAP rotation is measured using a dummy variable, namely a value of 1 if there is KAP rotation, a value of 0 if there is no KAP rotation

### **Hypothesis development**

#### **Effect of Tenure Audit on Audit Quality**

A number of studies on Audit Tenure have been conducted by previous researchers. One of them is a study conducted (Rifai, 2019) with the title of research on The Effect of Audit Tenure, Audit Fee, KAP Rotation and KAP Size on Audit Quality (In Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange 2016-2018). The study found results which stated that the audit tenure variable had a negative effect on audit quality. The results of this study are in line with research conducted by researchers (Prasetia and Rozali, 2016) which states that audit tenure has a negative effect on audit quality. This result shows that the longer the KAP auditors hold audit engagements with their clients, the lower the audit quality. This is because the longer the engagement period causes the auditor to have a relationship that is too close and can reduce the auditor's independence attitude and reduce the work professionalism of the auditor (Prasetia and Rozali, 2016) in (Rifai, 2019). Based on the description above, the hypothesis in this study, namely:

H1: Tenure audit has an effect on audit quality in manufacturing companies in the Basic and Chemical Industry sector listed on the IDX in 2015-2019.

#### **Effect of Auditor's Reputation on Audit Quality**

Research on Auditor Reputation has been carried out by previous researchers. One of them is a study conducted by (Andriani and Nursiam, 2018) with the title of research on the Effect of Audit Fees, Audit Tenure, Audit Rotation and Auditor Reputation on Audit Quality. The study found results which stated that the Auditor's Reputation Variable had a negative effect on Audit Quality. The reason is because the significance value is greater than the value of , the last hypothesis of the study cannot be accepted, namely the auditor's reputation has no effect on audit quality. These results are consistent with the results of research (Hartadi, 2012) which proves that auditor reputation has no effect on audit quality. The hypothesis in this study, namely:

H2: Auditor reputation affects audit quality in manufacturing companies in the basic and chemical industry sector listed on the Indonesia Stock Exchange in 2015-2019.

#### **The Effect of KAP Rotation on Audit Quality**

Research on KAP rotation has been carried out by previous researchers. One of them is a study conducted by (Nadia, 2015) with the title of research on the Effect of KAP Tenure, KAP Reputation and KAP Rotation on Audit Quality. The study found results which stated that KAP rotation had a positive and significant effect on audit quality. The results of the research conducted stated that KAP rotation had a positive and significant effect on discretionary accruals. Companies that rotate KAP have high discretionary accruals. High discretionary accruals indicate low audit quality. So KAP rotation can reduce audit quality. The hypothesis in this study, namely:

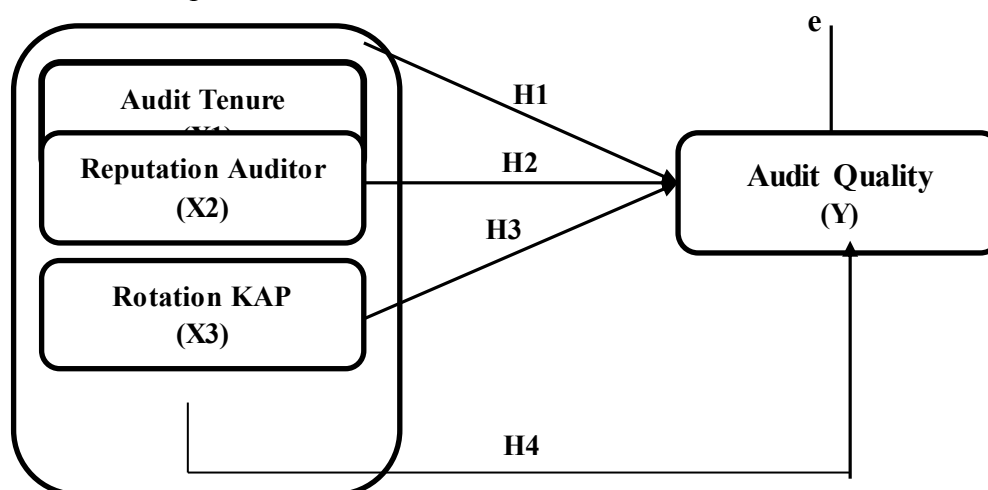
H3: KAP rotation has an effect on Audit Quality in manufacturing companies in the Basic and Chemical Industry sector listed on the IDX in 2015-2019.

### Effect of Audit Tenure, Auditor Reputation and KAP Rotation on Audit Quality

A number of studies on Audit Tenure, Auditor Reputation and KAP Rotation have been carried out by previous researchers. One of them is research conducted by (Indriani, Amin, and Junaidi, 2020) with the research title The Effect of Audit Fees, KAP Rotation, and Auditor Reputation on Audit Quality on the Indonesia Stock Exchange (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange 2015-2018). The research found results which state that KAP rotation has a positive effect on Audit Quality and Auditor Reputation has a positive effect on Audit Quality. The results of this study are consistent with research conducted by (Kurniasih and Rohman, 2014) in (Indriani, Amin, & Junaidi, 2020) that KAP rotation has a greater effect on audit quality produced by independent auditors. The duty of the auditor as an appraiser of a company that sees the fairness of the presentation of financial statements that must be reported by an auditor with good audit quality uses an unqualified opinion. The opinion expressed by the auditor is based on the findings of evidence and the state of the company that has been audited. Auditors as independent external parties must provide quality audited reports, for this reason it is necessary to rotate KAP as an action that minimizes the cooperation between the company and the auditor in indications of fraud. As for the results of Auditor Reputation, it is stated that companies audited by the Big Four KAP can increase public and investor confidence because the results of good quality audit reports show the achievements of independent auditors from large international KAPs whose reputation is maintained. This study rejects the research conducted by (Andriani and Nursiam, 2018) that auditor reputation has no effect on audit quality. The hypothesis in this study, namely:

H4: Audit Tenure, Auditor Reputation and KAP Rotation have an effect on Audit Quality in manufacturing companies in the Basic and Chemical Industry sectors listed on the IDX in 2015-2019.

Based on the concept of thought, this study provides an illustration that partially will see the effect on each variable and simultaneously explain the effect simultaneously between variables. The conceptual framework can be seen as follows:





**Figure 1. Conceptual Framework****METHOD**

This study uses quantitative methods, a method used to examine a particular population or sample and analyze statistical data. This research was conducted on Indonesian companies listed on the IDX that provide financial statement information on its official website at [www.idx.co.id](http://www.idx.co.id). The population in this study is taking the total of Indonesian companies, especially the basic and chemical industry manufacturing companies in Indonesia from 2015-2019, which are 76 companies. Samples taken from the population are those that meet the predetermined criteria, so that only 43 companies are used as samples for this study. The data used for this study were 215 (43 companies x 5 years of financial reporting period).

The data source used is secondary data, where this data is obtained not directly from the object or research subject, but this data has been previously presented by the company. The collection technique is library research, namely by studying and reading books, literature and lecture materials related to this research and field research by conducting research electronically, namely through internet facilities, and researchers also get data or information that has been collected. published on the Indonesia Stock Exchange (IDX) by visiting the site directly on the object under study through the Indonesia Stock Exchange (IDX) branch. The data analysis techniques described were descriptive statistics, logistic regression analysis (regression model feasibility test, overall model fit test (overall model fit test, classification matrix, coefficient of determination) hypothesis testing (t test and f test).

**DATA ANALYSIS AND DISCUSSION****Data analysis**

Testing the hypothesis in this study is to test the effect of Audit Working Period, Auditor Reputation and KAP Rotation on Audit Quality by using logistic regression analysis. The test results from the logistic regression analysis are presented in the table below as follows:

**Table 1. Logistics Regression Analysis Test Results**

Table 1. Logistics Regression Analysis Test Results									
		B	S.E.	Wald	Df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Audit Tenure	-.314	.164	3.672	1	.055	.731	.530	1.007
	Reputasi Auditor	-.196	.346	.320	1	.571	.822	.417	1.620
	Rotasi KAP	-1.087	.463	5.520	1	.019	.337	.136	.835
	Constant	2.389	.529	20.359	1	.000	10.898		

Data Source: Data Processing Results. SPSS 25.0

Table 1 can provide information related to the regression equation, namely:  $Y = 2.389 - 0.314 X_1 - 0.196 X_2 - 1.087 X_3 + e$ . This equation explains that the constant value (Constant = ) is 2.389. This shows that if there is no independent variable, the value of the dependent variable is 2,389. The regression coefficient value of the Audit Tenure variable ( $X_1$ ) is - 0.314. Shows that for every 1 unit increase in Audit Tenure, the Audit Quality (Y) will decrease by 0.314 assuming the Auditor Reputation variable ( $X_2$ ) and KAP Rotation ( $X_3$ ), are ignored or have a value of 0. The regression coefficient value for the Auditor Reputation variable ( $X_2$ ) is - 0.196. Shows that for every 1 unit increase in Auditor Reputation, Audit Quality (Y) will decrease by 0.196 assuming the variables Audit Tenure ( $X_1$ ) and KAP

Rotation (X3) are ignored or are 0. The regression coefficient value for the KAP Rotation variable (X3) is - 1,087. Shows that for every 1 unit increase in KAP rotation, the Audit Quality (Y) will decrease by 1.087 assuming the variables Audit Tenure (X1) and Auditor Reputation (X2) are ignored or worth 0.

Table 1 can also be seen t-test, which explains the hypothesis that the audit period has a negative and insignificant effect on audit quality in Indonesian companies which shows a negative regression coefficient of 0.314 with a significant value of  $0.055 > 0.05$ . This means that the first hypothesis (H1) is rejected, so it can be said that the audit period has no effect on audit quality. Furthermore, the auditor's reputation also has the same result, where the negative regression coefficient value is 0.196 with a significance value of  $0.571 > 0.05$ , so it can be said that both (H2) are rejected. While the KAP rotation has an effect on audit quality which shows a negative regression coefficient of 1.087 with a significance value of  $0.019 < 0.05$ , so the third hypothesis (H3) is accepted. This means that it can be said that KAP rotation has a negative effect but has a significant value on audit quality. Furthermore, the Simultaneous Test can be seen as follows:

Table 2. Simultaneous Test Results Omnibus Tests of Model Coefficient

		Chi-Square	df	Sig.
Step 1	Step	6.483	3	.090
	Block	6.483	3	.090
	Model	6.483	3	.090

*Data Source: Data Processing Results. SPSS 25.0*

Table 2 explains that simultaneously the effect of audit period, auditor reputation and KAP rotation shows a Chi-square value of 6.483 with a significance value of  $0.090 > 0.05$ , so it can be said that the third hypothesis (H4) is rejected. This means that the audit period, auditor reputation and KAP rotation together have no effect on audit quality.

## RESULT AND DISCUSSION

Based on the results of research conducted on Indonesian companies, especially manufacturing companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange for the 2015-2019 period, it shows that the audit tenure variable partially has no significant effect on audit quality. The results of this study also support the results of research conducted by (Anggraini, 2020) and (Rifai, 2019) that audit tenure has no significant effect on audit quality. The rejection of this hypothesis is because the audit tenure is not a reference to the quality of the audit results. The length of the audit engagement period should the Public Accounting Firm better understand the condition of the client's company so that it knows if the client wants to manipulate the financial statements, but because of the long engagement period the Public Accounting Firm (KAP) also feels confident with the client so that it does not develop a strategy for the audit procedures used and reduces quality audits. In (Anggraini, 2020).

The results of the study of the auditor's reputation variable on audit quality have no significant and significant effect on audit quality in Indonesian companies. The results of this study are in line with the results of research conducted by (Zulfikar, 2019) and (Khasani et al., 2018) that auditor reputation has no significant effect on audit quality. The results of this study can be information for the public so that in appointing KAP they no longer choose KAP based on size or small but based on information on audit quality. For public accounting professional associations, this research is expected to be useful information in providing guidance to association members so that members maintain their integrity and independence in carrying out audit tasks so that the public accounting profession remains trusted by the public. In (Khasani et al., 2018).



The results of research conducted on the variable of KAP rotation partially affect the audit quality of Indonesian companies. The results of this study are in line with the results of research conducted by (Indriani et al., 2020) that KAP rotation has a significant effect on audit quality. The results of this study are consistent with research conducted (Kurniasih, 2014) that KAP rotation has a greater effect on audit quality produced by independent auditors. The duty of the auditor as an appraiser of a company that sees the fairness of the presentation of financial statements that must be reported by an auditor with good audit quality uses an unqualified opinion. The opinion expressed by the auditor is based on the findings of evidence and the state of the company that has been audited. Auditors as independent external parties must provide quality audited reports, for this reason it is necessary to rotate KAP as an action that minimizes the cooperation between the company and the auditor in indications of fraud. (Indriani et al., 2020).

The results of research conducted on audit tenure, auditor reputation and KAP rotation simultaneously have no effect on audit quality in Indonesian companies, especially manufacturing companies in the basic and chemical industrial sectors listed on the Indonesia Stock Exchange for the 2015-2019 period. This means that the overall quality of audits that have been running, especially in manufacturing companies in the basic and chemical industrial sectors, have been running as they should and there is no doubt about the quality of the audits that have been issued, while for KAP rotation, it is a note that it has a significant influence on audit quality. This has been regulated by Government Regulation of the Republic of Indonesia Number 20 of 2015 concerning the Practice of Public Accountants, the regulation only contains restrictions on the provision of general audit services on financial statements of entities by public accountants. Therefore, to maintain audit quality, it is necessary to supervise KAP if there is a rotation that is not in accordance with the rules.

## **CONCLUSION**

Industry sectors listed on the Indonesia Stock Exchange for the 2015-2019 period, it can be concluded that partially: a) Audit tenure does not significantly affect audit quality, where the audit engagement period (audit tenure) is not a problem for quality audits, b) auditor reputation does not significantly affect audit quality in Indonesian companies. This proves that the size of the KAP does not reduce the quality of the audit provided, so that the public accounting profession remains trusted by the public, c) KAP rotation has a significant influence on audit quality in Indonesian companies so that auditors as external parties must pay attention to the rotation that has been regulated by regulation. If this is violated, the KAP will certainly be ready with warning sanctions and even suspension of the KAP permit.

The explanation of the discussion about the analysis that was carried out simultaneously explained that audit tenure, auditor reputation and KAP rotation together did not significantly affect audit quality in Indonesian companies, especially manufacturing companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange for the 2015-2019 period. In general, of course, this has been regulated by regulations, so it is only necessary to supervise the established procedures so that the quality of the audit can be guaranteed its truth and fairness.

To the management of manufacturing companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange, the authors suggest that you should pay more attention to the engagement with auditors, pay more attention to the policy making of the selection of a Public Accounting Firm, choose a representative KAP and a responsible auditor, so that the quality of the audit of the financial statements is not in doubt by users of information in making decisions. Furthermore, it is recommended for further research to examine using a longer period of time and pay more attention to other objects so as to provide certainty for the same variables in future studies.

## **References**



- Andreas, Hans H. (2012). Spesialisasi Auditor Sebagai Prediktor Earnings Response Coefficient Perusahaan Publik Yang Terdaftar di Bursa Efek Indonesia. *Jurnal Akuntansi Dan Keuangan*. Vol. 14, No 2: 69-80.
- Andriani, N., & Nursiam. (2018). Pengaruh Fee Audit, Audit Tenure, Rotasi Audit Dan Reputasi Auditor Terhadap Kualitas Audit (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2013-2015). *Riset Akuntansi Dan Keuangan Indonesia*. <https://doi.org/10.23917/reaksi.v3i1.5559>
- Andriani, N., dan Nursiam. (2018). Pengaruh Fee Audit, Audit Tenure, Rotasi Audit dan Reputasi Auditor (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2013-2015). *Riset Akuntansi Dan Keuangan Indonesia*. 3(1). 29–39. Diambil dari : <http://journals.ums.ac.id/index.php/reaksi/article/view/5559>. DOI: [10.23917/reaksi.v3i1.5559](https://doi.org/10.23917/reaksi.v3i1.5559)
- Anggraini, y. B. (2020). Pengaruh Fee Audit, Audit Tenure, Reputasi Auditor, Dan Rotasi Audit Terhadap Kualitas Audit (Studi Empiris Pada Perusahaan Food And Beverage Yang Terdaftar Di Bursa Efek Indonesia Tahun 2014-2018). *Riset Akuntansi Dan Keuangan Indonesia*, 3(1), 29–39. <https://doi.org/10.23917/reaksi.v3i1.5559>
- De Angelo, L.E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*. Vol. 3, pp. Hal. 16.
- Febriyanti, N.M.D., dan Mertha, I Made (2014). Pengaruh Masa Perikatan Audit, Rotasi KAP, Ukuran Perusahaan Klien, Dan Ukuran KAP Pada Kualita. *Jurnal Akuntansi Universitas Udayana E-Jurnal Akuntansi*, Vol. 7. No. 2. May 2014. 503-518. ISSN 2302-8556. <https://ojs.unud.ac.id/index.php/Akuntansi/article/view/8946/6727>
- Giri, Efraim F. (2010). Pengaruh Tenur Kantor Akuntan Publik (KAP) dan Reputasi KAP terhadap Kualitas Audit: Kasus Rotasi Wajib Auditor di Indonesia. *Jurnal Seminar Akuntansi Nasional*. Vol. 13.
- Hadi, R. S. C. (2017). Pengaruh Masa Perikatan Audit, Rotasi KAP, Ukuran Perusahaan Klien, Ukuran KAP, dan Fee Audit Terhadap Kualitas Audit (Studi Kasus pada Perusahaan Manufaktur yang Terdaftar di BEI Periode Tahun 2011-2013). *PLoS Neglected Tropical Diseases*. 9(5). 1–14.
- Hasanah, A. N., & Putri, M. Sari. (2018). Pengaruh Ukuran Perusahaan, Audit Tenure Terhadap Kualitas Audit. *JAK (Jurnal Akuntansi) Kajian Ilmiah Akuntansi*. 5(1), 11–21. Retrieved from <https://e-jurnal.lppmunsera.org/index.php/Akuntansi/article/view/499>
- Himawan, F.Agung dan Emarila, Rara. (2010). Pengaruh Persepsi Auditor atas Kompetensi, Independensi dan Kualitas Audit Terhadap Umur Kantor Akuntan Publik (KAP) di Jakarta. *ESENSI*. Vol. 13. No. 3 Desember 2010 <https://ibn.e-journal.id/index.php/ESENSI/article/download/187/160>  
<https://jab.fe.uns.ac.id/index.php/jab/article/view/63>.
- Indriani, L., M. Amin, dan J. Junaidi. (2020). Pengaruh Fee Audit, Rotasi KAP, Reputasi Auditor Terhadap Kualitas Audit Di Bursa Efek Indonesia (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2018)". *Jurnal Ilmiah Riset Akuntansi*.

Vol. 9. No. 03.

- Irma, fitria ade, Rispantyo, & Kristiano, D. (2019). Pengaruh Audit Tenure, Rotasi Auditor, Reputasi Auditor dan Spesialisasi Auditor terhadap Kualitas Audit. *Jurnal Akuntansi dan Sistem Teknologi Informasi*. Vol. 15. No. 4. <https://ejurnal.unisri.ac.id/index.php/Akuntansi/article/view/3740>
- Ivan, M. (2020). Pengaruh Audit Fee, Rotasi Kap Dan Reputasi Auditor Terhadap Kualitas Audit ( Studi Empiris Pada Perusahaan Syariah Yang Terdaftar Di Jakarta Islamic Index Tahun 2014-2018). *Skripsi*.
- Junaidi, D., & Nardiono, D. (2016). *Kualitas Audit : Perspektif Opini Going Concern*. Yogyakarta: Andi Offset.
- Kartikasari, Dinda Ayu. (2012). Pengaruh Tenure dan Rotasi Audit Terhadap Kualitas Audit Dengan Beberapa Pengukuran Discretionary Accruals. *Universitas Indonesia*. [https://lib.ui.ac.id/file?file=digital/20320295-S-PDF\\_Dinda%20Ayu%20Kartikasari.pdf](https://lib.ui.ac.id/file?file=digital/20320295-S-PDF_Dinda%20Ayu%20Kartikasari.pdf)