

Audit Opinion : Implication from Audit Evidence Evaluation in Using Professional Proficiency with Cautiousness and Accuracy

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Abstract

Objective: The purpose of the study is the use professional proficiency with cautiousness and accuracy has effects on audit evidence evaluation that has implications for audit opinion Methodology : The research method that is used is descriptive verification with the help from Structural Equation Modeling Partial Least Square, in this research there are only 17 public accountant office with 25 partners in Bandung Results: Audit evidence evaluation which uses the ability to be cautious and accurate has implications on audit opinion. Implication: The use professional proficiency with cautiousness and accuracy is not only needed to evaluate the evidence, but also guarantee he quality of the audit results

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INTRODUCTION

Abdul Malik (2017) stated that due care or auditor vigilance principle is important and cannot be underestimated when collecting valid data to deliver the auditor opinion. Ernst & Young's (EY) partner in Indonesia, which is KAP Purwantono. Suherman & Suraja, was fined US\$ 1 thousand to AS regulator because they failed to make their client financial audit report. Previously, EY member in Indonesia announced the audit result of telecommunication firms in 2011 and gave an opinion based on inadequate evidence and inaccurate data because they published the opinion in a rush. Another problem according to Ifsan Lukmanul Hakim (2015) is the case of accounting falsification at Toshiba, the CEO of Toshiba Corp, Hisao Tanaka resign due to his involvement in the greatest accounting scandal in Japan, Independent investigator team (commissioner (Toshiba chairman) created independent panel), as a result of the investigation, they found that there was a manipulation on the financial report regarding Toshiba operational profit where it stated that the profit was US \$ 1,2 M from 2008-2014 but the fact is Toshiba suffered a loss at that time. Additionally, Ifsan Lukmanul Hakim (2015) mention the misuse of accounting procedure continuously is done as an official policy from the management and it is impossible for anyone to go against it, according to "Toshiba" culture, this problem is related to external audit (independent auditor) inaccuracy when they analyze, detect, examine and find the manipulation on the financial report that is created by the audited entity and in this case it is "Toshiba".

Vigilance attitude is supposed to be emphasized in every audit process, due professional care has a meaning of professional proficiency with cautiousness and accuracy, the use of professional proficiency with cautiousness and accuracy enable the auditor to obtain the trust that the financial report is free from error, whether it is caused by inaccuracy or falsification. If this attitude were underestimated by the auditor, it likely causes fatal effects such as auditing with inadequate information, invalid information and the audit process would become inaccurate which then implicate the public trust towards opinions that are stated by the auditor. Due to the importance of auditor opinion of a firm for the financial report users, the auditor should have good due professional care skills to collect and analyze audit evidence that can be used to state a reliable opinion. An auditor is required to use their professional proficiency with cautiousness and accuracy because the auditor professional proficiency affects the accuracy of the opinion they give, and as a result, the auditor could obtain sufficient evidence and give adequate base in terms of giving a reliable opinion.

An opinion is a point of view that is given by the partner (auditor) at a proper financial report of a firm (Mulyadi, 2014: 20). Mulyadi (2014: 14) also claim that the auditor gives the opinion for their client financial report by checking accounting notes that support the financial report and collect additional information, for example, ask for evidence directly and collect physical evidence from outside. Sufficient and accurate audit evidence that has been obtained could reduce the audit risk to the acceptable degree, hence enable the auditor to produce adequate conclusion as the basis for auditor opinion and professional consideration (Sukrisno Agoes, 2017: 179).

LITERATURE REVIEW

The application of professional proficiency with cautiousness and accuracy

The application of professional proficiency with cautiousness and accuracy in the implementation on audit task based on Professional Public Accountant Standard 2013 section 230 and 230.1 stated that "the competence level that generally owns by the auditor in auditing is a reasonable cautiousness and accuracy, the auditor should be given a task and supervise based on their knowledge, skills and ability to make them be able to evaluate audit evidence that they check."

Audit Evidence

According to Ely Suhayati & Siti Kurnia Rahayu (2013:118) "Audit evidence is the overall information which is used by the auditor to reach a conclusion and will be the base of the audit opinion, and also include the information from the accounting notes that underlying the financial report and other information. Additionally.

Audit Opinion

Alvin A. Arens, Randal J. Elder & Mark S. Beasley (2014:42), "Auditor is responsible for stating an opinion in a form of written report regarding whether the financial report has been written properly in terms of the materials according to the valid framework report, and this opinion is based on the audit evidence evaluation and audit finding that has been obtained.

Correlation the use of professional proficiency with cautiousness and accuracy regarding the evidence

evaluation

A theory that has a correlation with those three theories above is the theory about the use of professional proficiency with cautiousness and accuracy regarding the evidence evaluation as claimed by Mulyadi (2014 : 27), “The use of professional proficiency with cautiousness and accuracy means using a health consideration in an area settlement, choosing methodology, and procedure examination for auditing. Those healthy considerations would be used for the procedure testing, evaluating evidence and reporting the audit result.”

Theoretical framework

An association theory which mentions that audit evaluation is related to audit opinion is stated by Ely Suhayati & Siti Kurnia Rahayu (2013 : 117), “to give an opinion the auditor must obtain audit evidence from the report and evaluate it. The auditor needs to be able to make a decision on the opinion they express based on impartial evaluation on the evidence that has been collected.”

Moreover, the previous research results entitled the effect of independent public accounting and audit judgement towards public accountant opinion by Ely Suhayati (2016) point out that audit consideration is an important factor when considering opinion types that are suitable to be given in certain circumstances.

Based on association theory and previous research, it could be concluded that the research paradigms is illustrated as follows:

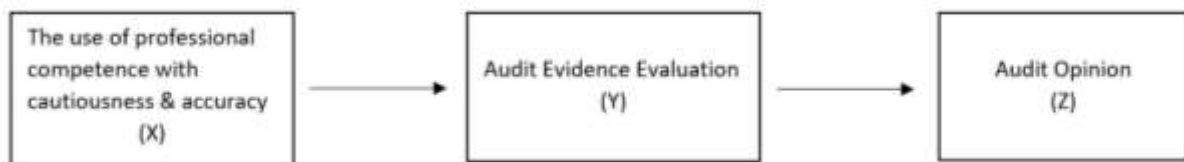


Figure 1. Research Paradigms

Hypothesis Development

According to the framework above, hypothesis in this research are

H1: The use of professional proficiency with cautiousness and accuracy have effects on audit evidence evaluation

H2: Audit evidence evaluation affect audit opinion

METHODS

The method in this research is Descriptive Verification (Causal), with the help of Structural Equation Modelling Partial Least Square in taking conclusion, the method of data collection is survey method because it researches more than one public accounting office, whereas the data type from this research consists of primary and secondary data. Primary data is collected through questionnaire and interview, the statement on the questionnaire is in the form of a closing statement that has been provided with an alternative answer by the writer to be chosen by the respondents since the indicator for the variable that is going to be measured is already clear or has been operated before. Secondary data for every variable collected through a literature review, accounting magazine, articles and journal research. As for the population in this research, there are 30 public accountant office with 47 partner, apparently 13 of the accountant office is not located at the address record, hence in this research there are only 17 public accountant office with 25 partners in Bandung, which means it can be concluded that researcher research all population element or known as census. The observation unit of this is the public accountant office partner that works based on the auditor work that has been supervised by the supervisor.

RESULTS AND DISCUSSION

Recapitulation result from the questioner that distribute to 25 partners is report as follows :

Table 1. Score Percentage of Respondent Answer Regarding Professional Proficiency with Cautiousness and Accuracy Variable

Indicator	Actual Score	Ideal Score	% Actual Score	Criteria
Knowledge	66	100	66,00%	Quite Good
Skills	69	100	69,00%	Good

Ability	134	200	67,00%	Quite Good
Total	269	400	67,25%	Quite Good

Professional proficiency with cautiousness and accuracy is measured by using three indicators, which are knowledge, skills and ability. Based on the answer results from 25 partners, the score that was obtained is 67,25%, it locates on the interval of 52,01-68,00 and categorizes as quite good which means that there is still a gap on the problem that occurs in terms of the professional proficiency with cautiousness and accuracy when auditing.

Table 2. Score Percentage of Respondent Answer Regarding Audit Evidence Variable

Indicator	Actual Score	Ideal Score	% Actual Score	Criteria
Information Evidence from Accounting Notes	133	200	66,50%	Quite Good
Other Information Evidence, besides the Accounting Notes	129	200	64,50%	Quite Good
Total	262	400	65,50%	Quite Good

Audit Evidence Evaluation is measured by using two indicators, which are the information evidence from accounting notes and other information that are apart from the accounting notes. According to the answer results from 25 partners, the score that was obtained is 65,50%, it locates on the interval of 52,01 – 68,00 and categorizes as quite good which means that

Table 3. Score Percentage of Respondent Answer Regarding Audit Opinion Variable

Indicator	Actual Score	Ideal Score	% Actual Score	Criteria
Financial Report that are Free from Material Misstatement	138	200	69,00%	Good
Financial Report that are Corresponding with the Applicable Financial Report Framework	133	200	66,50%	Quite Good
Total	271	400	67,75%	Quite Good

Audit Opinion is measured by using two indicators, which are a financial report that is free from material misstatement and a financial report that is corresponding with the applicable financial report framework. Based on the answer results from 25 partners, the score that was obtained is 67,75%, it locates on the interval of 52,01 - 68,00 and categorizes as quite good which means that there is still a gap on the problem that occurs in terms of the partner who give audit opinion.

Hypothesis Testing

To test how big the use of professional proficiency with cautiousness and accuracy influences the audit evidence evaluation (Y), and the implication towards audit opinion (Z), by using structural equation modelling partial least square 2.0. In the structural equation modelling, there are two types of model that formed, The first one is a measurement model and the other one is a structural model.

Measurement Model (Outer Model)

This research uses 3 latent variables with the total of 7 manifest variables. Latent variable from the use of professional proficiency with cautiousness and accuracy consists of 3 manifest variables while for the latent variable of audit evidence evaluation consist of 2 manifest variable and audit opinion variable consist of 2 manifest variables, the calculation result that uses SmartPLS 2.0 obtained a diagram with full path model as follows:

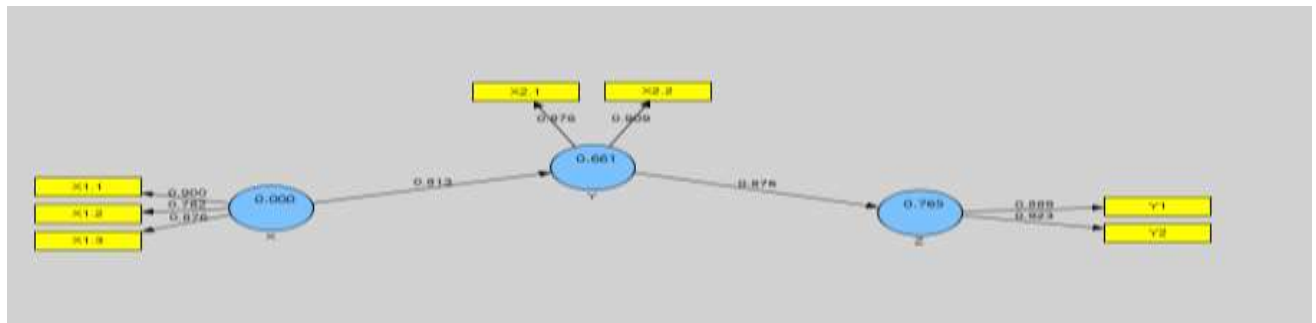


Figure 2. Outer Model

Structural Model (Inter Model)

Hypothesis 1: How much the use of professional proficiency with cautiousness and accuracy affects the audit evaluation evidence.

Table 4. Inter Model X → Y

Latent Variable	Coefficient Line	t _{calculate}	t _{critical}	Information	Conclusion
X → Y	0.813	31.762	2.120	Ho rejected	Significant

The use of professional proficiency with cautiousness and accuracy influence the audit evidence evaluation as much as 91,3% with the value of t_{calculate} (31,762) greater than the value of t_{critical} (2,120), hence it can be concluded that Ho is rejected and accepted Ha which means that the use of professional proficiency with cautiousness and accuracy affects the audit evidence evaluation according to 25 public accountant office partners in Bandung.

Hypothesis 2: How much does the evaluation of audit evidence has implication on the opinion

Table 5. Inter Model Y → Z

Latent Variable	Coefficient Line	t _{calculate}	t _{critical}	Information	Conclusion
Y → Z	0.875	33.126	2.120	Ho rejected	Significant

Audit evidence evaluation has implications on the opinion as much as 87,5%, with the value of t_{calculate} (33.126) greater than the value of t_{critical} (2.120), therefore it could be concluded that Ho rejected and Ha accepted which means that the audit evidence evaluation has an effects on the opinion according to 25 public accountant office partners in Bandung. Based on the results and discussions above, the use of professional proficiency with cautiousness and accuracy affect the audit evaluation that has an implication on audit opinion.

This statement is corresponding with the research conducted by Mark W. Nelson (2009) & Dewi Fatmawati (2018): the more the auditor acts carefully and vigilance, the more he or she convinced with the evidence evaluation that they obtain rather than searching information from the management team. While according to Chin Cheal Zenb et al. (2018): vigilance and accuracy lead to fraud detection and as a result, it increases the audit quality. Phil D. Wedemeyer (2010), Steven M. Glover (2013) and FKris Hardies & Sanne Jansien (2017): audit quality is affected by the use of professional proficiency with cautiousness and accuracy. Kelsey R. Brussel et al. (2019): as the vigilance increase, fraud detection also increases. Augustine (2013) stated that audit evidence is used to measure the auditor a final opinion. Lia Dahlia Iriani (2017) mention that higher competence, independence and professionalism would produce an audit with better quality.

CONCLUSIONS

The auditor who is incautious and careless when evaluating audit evidence can cause the audit opinion that published by the partner to be unsuitable with the client condition, therefore it is better for the auditor to use their professional proficiency with cautiousness and accuracy and it means that they use their knowledge, skills and ability when auditing. As a result, the auditor is able to optimally evaluate audit evidence based on the information from accounting notes or other sources, audit opinion implication that publishes by the partner is their client financial report that has been audited by public accountant firms which is free from error and correlated with the valid financial report framework. To make sure that the

auditor keep using their professional proficiency with cautiousness and accuracy in evaluating audit evidence that has implication on audit opinion, it suggested that the supervisor need to supervise the auditor after they have finished the auditing to make sure that the opinion match the appropriate financial report and hence the people would trust the audit result as one of the product from public accountant firms.

The contribution of this research is the use of professional proficiency and with cautiousness and accuracy when evaluating evidence has implications for audit opinion. For further research we suggest that conducting research into the use of use of professional proficiency and with cautiousness and accuracy will produce quality audits so that the opinions generated will be of high quality because people trust towards public accountant as an Independent body in auditing the financial report are enormous, these trust are given by the people because they are the one who uses the public accountant service, but due to lack of carefulness from the auditor when checking the evidence cause the report material to be wrong even until the audit opinion publish

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