



The influence of audit fee, audit tenure, audit rotation and client company size on audit quality

Rifki Ramdani

Jurusan Akuntansi, Fakultas Ekonomi Dan Bisnis, Universitas Islam Negeri Syarif Hidayatullah Jakarta, Indonesia

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ABSTRACT

The objective of this research was to examine the influence of the fee audit, audit tenure, audit rotation, size of company and audit quality on financial sector enterprise. Fee audit, audit tenure, audit rotation and size of company as the independent variable. Audit Quality as the dependent variable. This study uses the basic theory is the agency theory. This study used secondary data obtained from the Indonesia Stock Exchange (IDX) during the period 2012-2014. The sampling process was done by using purposive sampling method and this study used 141 observations. The analyzing method to examine hypothesis was logistic regression analysis. The results shows that the size of company influence the audit quality. But for the fee audit, audit tenure, audit rotation no influence the audit quality.

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Corresponding Author:

Rifki Ramdani,
Jurusan Akuntansi, Fakultas Ekonomi Dan Bisnis,
Universitas Islam Negeri Syarif Hidayatullah Jakarta,
Jl. Ir H. Juanda No.95, Kota Tangerang Selatan, Banten 15412, Indonesia.
Email: rifkiramdani@gmail.com

1. INTRODUCTION

In the current development in Indonesia, there is very fierce competition between one company and another, especially competition in the public accountant service business. The more companies that want to go public because of the rapid development, the audit of financial statements is also increasing. Financial statements describe the financial position of a company and also provide the information needed for interested parties both internally and externally in order to obtain a fairness and reliability of a financial statement, it is very necessary for the profession to know the state of the company and information from a public accountant who has good quality and high integrity, in order to be able to bridge the conflict of interest between the principal (shareholder) and the party agent (management) as company manager (Januarti, 2011). According to (Putra, 2013), To be able to survive in the midst of fierce competition, especially in the field of public accountant service business, it must be able to gather as many clients as possible and gain the trust of the wider community, therefore demanding that auditors continue to have good audit quality.

The trust of interested parties is very important for a company to go public. But now, a handful of people have lost their trust in auditors. This condition is caused by the outbreak of accounting scandals that occur between public accountants and their clients. In this case, (Wallman, 1996) and (Francis, 2004) argues that the auditor's independence assessment needs to focus more on the individual office level than the entire company level because most of the vetting decisions with specific clients are made within each individual office. The concrete evidence seen in the collapse of Enron, which had been audited by Arthur Andersen's Houston Office, is a good example that demonstrates

the importance of an office that has a level of audit quality. In general, large companies need audit services from the Big Four Public Accountants or industry expertise in providing high-quality audit services than small companies that do not use audit services from the Big Four Public Accountants. Audit quality is the totality of services where an auditor is required to carry out a systematic process in carrying out his duties. This is useful for evaluating and finding existing violations to interested users (Dewi, 2016). An auditor can improve his professionalism in carrying out audits of financial statements by referring to the audit standards that have been set by the Indonesian Institute of Public Accountants (IAPI), namely general standards, field work standards and reporting standards. In addition, an auditor must also apply and comply with the basic principles of professional ethics, namely the principle of integrity, the principle of objectivity, the principle of confidentiality, and the principle of professional conduct (SPAP, 2013).

In assessing the fairness of a company's financial statements, an independent attitude from auditors is needed, because independence is the main key to the audit profession (Boynton & Johnson, 2005) (Olagunju, 2011) (Saputra, 2015). IFAC (The International Federation of Accountant) globally defines independence as follows: independence of mind and independence in appearance (Mignolo, 2009). Independence of mind is a state of mind that allows the expression of a conclusion without being exposed to any influence other than professional judgment, thus allowing an individual to act on integrity, as well as applying professional objectivity and skepticism (Quick & Warming-Rasmussen, 2015). Independence in appearance is such a significant avoidance of facts and conditions that a third party who understands and thinks rationally by having knowledge of all relevant information, including the prevention applied, will still be able to draw the conclusion that professional skepticism, objectivity, and integrity of public accountants have been compromised (IFAC Handbook 2012).

To maintain an independent attitude as an auditor, the company is obliged to rotate audits. Audit rotation is the auditor turnover rule that must be carried out by an entity (Yuen et al., 2013). The magnitude of the numbers, the short span of time, as well as the involvement of Top Management give us an idea of how chronic and complex the disease in Toshiba's body is. Misappropriation is carried out congregationally, systematically and intelligently. So many layers of control systems from the accounting, finance, internal audit divisions, do not work at all. How will it work, even from their senior staff who have memorized the ins and outs of the company. Seiya Shimaoka, an internal auditor, suspected fraud and attempted to report but instead was deemed a wind-up by her own superiors as reported by a Financial Times journalist. So neat and intelligent that a team of external auditors like Ernst & Young (EY) was unable to smell the stench of Toshiba's financial statements. There have been no allegations the accounting firm was involved in the scandal.

In order to beautify its financial performance, Toshiba conducted various ways either recognizing revenues early or delaying the recognition of costs at a certain period but with methods that investigators said were not in accordance with accounting principles (Singleton & Singleton, 2010). Such as misuse of percentage-of-completion for project revenue recognition, cash-based when recognition of supposed provisions by accrual method, forcing suppliers to postpone issuing bills even though the work has been completed, and others such as (Beale, 2004). Enron's case took the accounting and auditing world by storm in America, repeating itself in Asia to be precise in India. In Satyam's case, there are some similarities with the enron case, where there was a conspiracy between the CEO of Satyam and 2 auditors of Price Waterhouse Coopers (PWC) members.

After the emergence of a lot of things happening in Indonesia, more and more outsiders are wondering about the quality of audits. The financial scandal involved large corporations and large public accountants (Lennox & Pittman, 2008). The quality of audits is an expectation for users of audit services, especially the public or shareholders who put financial statements that are free from material misstatements, either caused by errors or fraud. In fact, with so many financial cases, the quality of audits is increasingly in doubt (Rosnidah, 2010). There are several banks that make mistakes but fail to be checked by auditors, for example violations of the maximum credit limit rule or also known as BMPK at Bank Dagang Nasional Indonesia, Bank Umum Nasional, Bank Danamon, Bank BCA. The above case is a case that occurs and involves the quality of the audit. The violation relates to the

problem of auditors who are not able to fulfill their professional responsibilities in meeting the qualifications of auditing standards set by the Indonesian Institute of Accountants and the violation is contrary to SPAP (Hastuti, 2010).

Based on the case above, it can be said that the auditor profession in carrying out audit assignments in the field often faces a lot of pressure that may affect his ability to overcome a problem. And also an auditor in carrying out his duties should not only follow the audit procedures stated in the audit program, but also must be accompanied by an independent attitude so that there is no unhealthy relationship and high dependence between the auditor and the client and the KAP with the client. Auditors must also be able to maintain good relationships with their audited clients where professionalism is a very important individual attribute because it will be able to make a good contribution to the KAP and provide optimal service for its clients because auditors are paid by clients to provide satisfaction and to maintain their business (Rennie et al., 2010) (Elias, 2008). A public accountant must be able to pay attention to the quality of audits in order to restore public trust and must be able to increase self-potential and responsibility.

In its development, the quality of audits is not only influenced by internal factors, but also external factors including the influence of audit fees, this research assumes that higher quality auditors will charge higher audit fees as well, because qualified auditors will reflect the information owned by the company owner ((Kurnianingsih & Rohman, 2014) in (Kurniasih & Rohman, 2014)). In addition, the second factor is tenure auditing. According to (Kurniasih & Rohman, 2014) That the quality of the audit can also be seen from the length of the tenure audit between the auditor and the client, the long tenure can be considered by the auditor as income, but the long tenure can cause an emotional relationship between the auditor and the client, so as to reduce the independent auditor. The third factor is the rotation of audits. (Febriyanti & Mertha, 2014), states that regulations on kap rotation obligations are necessary to be able to produce quality audit reports so that the information can be relied on for various purposes. The fourth factor in the quality of the audit is the size of the client company. According to (O'Brien and Bhushan, 1990 in (Fernando et al., 2010)), Small companies tend to have weak information and surveillance systems, so small companies will produce more qualified audits. On the other hand, the larger the company, the more agency costs will increase, so large-sized companies will tend to choose the services of large, independent, and reputable auditors to produce better audit quality. (Watts dan Zimmeman, 1986 in (Nasser et al., 2006)). The size of the company can have an impact on the quality of audits, especially the selection of KAP because large companies will choose quality KAP to increase the credibility of their company while small companies will choose KAP that can reduce their corporate costs through cheaper fees.

In this study, the research uses empirical studies on the financial sector because this sector has an important role for society and economic activities in the country and abroad, and companies engaged in the financial sector have the responsibility to avoid deviations and maintain the stability of economic growth.

2. RESEARCH METHOD

This study aims to determine the causality relationship used to explain the influence of independent variables, namely audit fees, audit tenure, audit rotation and the size of the client company on the dependent variable, namely audit quality. The population of this study is the financial sector listed on the Indonesia Stock Exchange (IDX). The sample of this study is the financial sector listed on the Indonesia Stock Exchange (IDX) for the period 2012-2014. The method used in this study was purposive sampling (Rai & Thapa, 2015) (Guarte & Barrios, 2006). The secondary data needed in this study were obtained through the documentation method. This documentation method is carried out by collecting annual reports, financial statements along with audit reports by independent auditors and other necessary data based on previous explanations. Other supporting data were obtained by the method of literature study from scientific journals and literature containing discussions related to this research. Data obtained from www.idx.co.id in the form of annual reports (Annual Report), financial statements and audit reports by independent auditors.

The data analysis method of this study uses quantitative analysis techniques (Leech & Onwuegbuzie, 2007) (Lacey & Luff, 2001) (Ritchie & Spencer, 2002). Quantitative analysis is carried out by analyzing a problem that is realized quantitatively. In this study, quantitative analysis was carried out by quantifying research data so as to produce the information needed in the analysis. The analytical tool used in this study is the analysis of logit models or logistic regression with the help of the IBM Statistical Package for Social Sciences (SPSS) version 20 program. Normal assumptions cannot be met because free variables are a mixture of continuous (metric) and categorical (non-metric) variables. In this case, it can be analyzed by logistic regression because there is no need to assume the normality of the data on its free variables.

3. RESULTS AND DISCUSSIONS

In this study, the method used to determine the sample was purposive sampling. This study took samples for 3 years, namely from 2012-2014. Purposive sampling indicates that the sample used in this study is a representation of the existing population, and is in accordance with the purpose of the study. In this study, the study also used 2011 because there were variables that needed data from the previous year (t-1), but this year's data was not included in the statistical analysis because some of the data needed from 2011 was not used. The 2011 data is only used to supplement the 2012 data. The data used is taken from financial statements and annual reports in 2012, 2013, 2014 which were accessed through the www.idx.co.id website. The sample selection process based on predetermined criteria appears in Table 1 as follows:

Table 1. Sample Selection Stages with Criteria

No	Criterion	Sum
1	Number of all financial sector companies listed on the IDX in 2012-2014	71
2	Financial sector companies that do not publish financial statements, annual reports and audit reports by independent auditors during 2012-2014	-
3	Financial sector companies that do not have complete data to support research	(24)
4	Number of sample companies	47
5	Year of observation (2012-2014)	3
6	Number of sample companies during the year of observation	141

Source: Processed Secondary Data, 2015

Based on table 1, it shows that the total number of all financial sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2012-2014 amounted to 71 companies. Of the 71 financial sector companies, there are 24 financial sector companies that do not have complete data to support the research. So that the banking sector companies that were sampled were as many as 47 companies. Meanwhile, the total observations used as a sample for this study were 141 companies.

Results of research data analysis test.

The hypothesis in this study was tested using a logistic regression model. The goal is to obtain a comprehensive picture of the influence of independent variables (audit fees, audit tenure, audit rotation, and client company size) on the dependent variables, namely audit quality.

Descriptive statistical test results.

The variables used in this study include the dependent variable (Y) namely audit quality and the independent variable (X) namely audit fees, audit tenure, audit rotation, and the size of the client company. The test results of these variables are descriptive as seen in table 2.

Table 2. Descriptive Statistical Test Results

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Fee Audit	141	17,96	28,50	22,197	2,075
Audit Tenure	141	1	2	1,86	0,350
Company Size	141	24,53	34,38	29,582	2,317

Source: Processed secondary data, 2015

Based on table 2 above, the value of N shows the amount of data used in the study, which is 141 data, which is the number of samples during the period 2012 to 2014. The results of the analysis using

descriptive statistics on the variable fee audit (FEE) showed that the average value was 22,197 with a standard deviation of 2,075. The minimum audit fee value is 17.96 and the maximum is 28.50. The results of the analysis using descriptive statistics on the audit tenure variable (TENURE) showed that the average value was 1.86 with a standard deviation of 0.350. The minimum audit tenure value is 1 and the maximum is 2. The results of the analysis using descriptive statistics on the size of the company (SIZE) variable showed that the average value was 29,582 with a standard deviation of 2,317. The minimum value of the company size is 24.53 and the maximum is 34.38. The size variable of the client company, which uses a ratio measurement scale, has an average value greater than the standard deviation value. This shows that the data quality of the variable is quite good, because an average value greater than its standard deviation value identifies that the standard error of the variable is small. As for rotation variables and audit quality that use a nominal measurement scale, it is not appropriate to use as a data quality analysis tool, because the number code used in the nominal measurement scale only functions as a category label without intrinsic value and has no influence on the variables (Sinaga & GHOZALI, 2011).

Hypothesis test results.

The dependent variable, namely audit quality (K_AUD) is dummy (KAP big 4 and non-big 4), so testing of hypotheses is carried out using logistic regression tests. The stages in testing using logistic regression tests can be described as follows (Sinaga & GHOZALI, 2011).

Model overall conformity test results (overall model fit).

The following is presented data on the results of overall model fit testing based on the likelihood function.

Table 3. Test Results Assess the Overall Model

Information	-2 Log Likelihood
Block Number: 0	192,328
Block Number: 1	173,174

Sumber: output SPSS

Based on table 3, information was obtained that the test was carried out by comparing the value between -2 Log Likelihood (-2LL) at the beginning (Block Number=0) with the value of -2 Log Likelihood (-2LL) at the end (Block Number=1). The initial -2LL value was 192,328. After the inclusion of the four independent variables, the final -2LL value decreased to 173.174. This decrease in Likelihood (-2LL) indicates a better regression model or in other words a hypothesized model fits with the data.

Coefficient of determination test results (Nagelkerke R Square).

The magnitude of the coefficient of determination test value in the logistic regression model is indicated by the Nagelkerke R Square value. The following is presented data on the results of the determination coefficient test (Nagelkerke R Square).

Table 4. Coefficient of Determination Test Results

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	173,174 ^a	0,127	0,171

Sumber: SPSS output

Based on table 4. shows that the Nagelkerke R Square value of 0.171 which means that the variability of the dependent variable that can be explained by the independent variable is 17.1%, while the remaining 82.9% is explained by other variables outside the research model.

Regression model feasibility test results.

The feasibility of the regression model was assessed using the Hosmer and Lemeshow Test. The following is presented data on the results of feasibility testing of regression models.

Table 5. Results Uji K e layakan Mod e l Regresi

Step	Chi-Square	df	Sig.
1	10,629	8	0,224

Source: Processed secondary data, 2015

Based on table 5. indicates that the Chi-Square value is 10.629 with a significance (p) of 0.224. Based on these results, because the significance value is greater than 0.05, the model can be concluded to be able to predict its observation value (the model can be said to be fit).

Classification Matrix Results.

The classification matrix shows the predictive power of the regression model to predict the possible audit quality of companies from big 4 and non-big 4 public accountants. The results of the classification matrix test are shown in table 6.

Table 6. Classification Matrix Test Results

Observed	Predicted			Percentage Correct
	K_AUD			
	NonBig 4	Big 4		
Step 0	NonBig 4	81	0	100
	Big 4	60	0	0
	Overall Percentage			57,4

Sumber: Output SPSS

Table 6 above shows the predictive power of the regression model to predict the likelihood of companies seeing audit quality with non-big 4 KAP is 100%. This shows that the regression model used there are as many as 81 companies (100%) that are predicted to see audit quality with non-big 4 KAP. The predictive power of the corporate model that looks at audit quality with big 4 KAP is 0% which means that the regression model used no company is predicted to see audit quality with big 4 KAP out of a total of 60 companies that see with big 4 KAP.

Logistic regression test results.

The formed logistic regression model is presented in the table below:

Table 7. Logistic Regression Coefficient Test Results

Variabel	B	Sig.	
Step	Fee Audit	-0,217	0,182
	Audit Tenure	-0,811	0,134
	Audit Rotation	0,482	0,347
1 ^a	Company Size	0,479	0,002
	Constant	-8,253	0,001

Source: Output SPSS

The results of testing against the logistic regression coefficient resulted in the following model:

$$\ln (p/1-p) = K_AUD = -8,253 + 0,479SIZE + \epsilon \dots\dots\dots(1)$$

Based on table 7, it shows that the audit fee variable (FEE) as an independent variable has a negative coefficient of -0.217 with a significance level (p) of 0.182, greater than $\alpha = 5\%$. Because the level of significance (p) is greater than $\alpha = 5\%$, the first hypothesis (Ha1) is not accepted, which means that the audit fee does not have a significant effect on the quality of the audit.

The audit tenure variable (TENURE) as an independent variable has a negative coefficient of -0.811 with a significance level (p) of 0.134, greater than $\alpha = 5\%$. Since the significance level (p) is greater than $\alpha = 5\%$ then the second hypothesis (Ha2) is not accepted which means that tenure audits do not have a significant effect on audit quality.

The audit rotation variable (ROTATION) as an independent variable has a negative coefficient of 0.482 with a significance level (p) of 0.347, greater than $\alpha = 5\%$. Since the significance level (p) is greater than $\alpha = 5\%$, the third hypothesis (Ha3) is not accepted which means that the audit rotation does not have a significant effect on the quality of the audit.

The company size variable (SIZE) as an independent variable has a positive coefficient of 0.479 with a significance level (p) of 0.002, smaller than $\alpha = 5\%$. Because the level of significance (p) is less than $\alpha = 5\%$, this independent variable is accepted, which means that the size of the company has a

significant effect on the quality of the audit. The resulting beta value of 0.479 indicates that there is a positive relationship between company size and audit quality where if the size of a company is getting bigger, the higher the company's decision in assessing the audit quality of the big 4 public accountant.

Discussion.

The effect of audit fees (FEE) on audit quality (K_AUD).

The results of the logistic regression coefficient test showed that the level of significance possessed by the audit fee variable was $0.128 > 0.05$. This indicates that the audit fee has no effect on the quality of the audit. The results of this study do not correspond to the research conducted by (Kurniasih & Rohman, 2014). According to (Kurniasih & Rohman, 2014), that the effect of audit fees charged or paid by the company for the honorarium of auditor services has a greater influence on the quality of audits produced by independent auditors. Research conducted by (Arisinta, 2013), that a higher variable fee audit will plan a higher quality audit compared to a lower audit fee. There is an intensive need for auditors to do whatever it takes to keep their clients from changing auditors.

According to research conducted by (Taringan & Bangun, 2013), that variable audit fees affect the quality of audits because the higher the ethics of the auditor, the higher the quality of the auditors. Public accountants who have the awareness to apply the Code of Professional Ethics of Public Accountants. If this commitment is maintained then violations can be avoided, then the public accountant can improve the quality of the audit.

The results in this study are not significant and do not match the logic of hypothesis preparation because companies that provide audit fees do not affect the quality of audits because audit fees cannot predict whether or not audit quality is good. The quality of the audit is seen from an auditor whether he has an independent attitude or not so it is not seen how much the company provides audit fees.

Effect between tenure audits (TENURE) to audit quality (K_AUD).

The results of the logistic regression coefficient test showed that the level of significance possessed by the variable audit tenure was $0.342 > 0.05$. This indicates that tenure audits have no effect on audit quality. These results are supported by the results of previous research conducted by (Febriyanti & Mertha, 2014), (Hamid, 2013), (Sofyan et al., 2015), (Sinaga & GHOZALI, 2011). According to (Febriyanti & Mertha, 2014), Tenure audit variables have no effect on audit quality. And also according to research conducted (Hamid, 2013), tenure audit variables do not affect audit quality because kap tenure cannot be fully used as a comparison or a means to measure audit quality. This is because the long tenor of the KAP cannot always affect the independence of auditors so that it cannot reduce the quality of audits.

In addition, a short tenure is also not always able to determine the reliability of audit quality, because it is possible that auditors do not have sufficient knowledge and experience to conduct audits at client companies. In the research conducted by (Sofyan et al., 2015), that the tenure audit variable has no effect on the quality of the audit due to the lack of independence of an auditor in carrying out his work and also the existence of fraud committed by the KAP by changing the name of the KAP to continue to audit his old clients and avoid the Minister of Finance Regulation No. 17 / PMK.01 / 2008. Research conducted by (Sinaga & GHOZALI, 2011), that the tenure audit variable has no effect on the quality of the audit because when the company is not satisfied with the quality of the auditor's performance, the engagement period is terminated before the maximum limit set by the government. New auditors who provide more quality assurance for audit services are then chosen as replacements. The choice made by the company to immediately end the engagement period when the expected quality is not obtained shows that tenure audits do not affect the quality of audits at companies in Indonesia. Instead, what happens is a tendency that the quality of the audit affects the auditor-client engagement period. The tendency that arises is that the longer the engagement period, the less variation there is arising from the audit services carried out, in other words, the opinions given tend to be the same from year to year.

The results of this study do not correspond to the research conducted by (Kurniasih & Rohman, 2014) and (Mayasari, 2013), Where audit tenure variables affect audit quality. According to

(Kurniasih & Rohman, 2014), companies audited by non-Big Four KAP auditors have a greater average auditor tenure than companies audited by Big Four KAP auditors. This shows that companies audited by non-Big Four public accountants have a tendency to have a longer engagement period, which can lead to too close relationships between auditors and clients. Too close a relationship between an auditor and a client can reduce the auditor's independence attitude and reduce the professionalism of the auditor's work, resulting in low audit results. If there is a tenure audit conducted by a non-Big Four KAP auditor, the quality of the audit will decrease due to the long engagement period between the client and the auditor, the independent attitude and professionalism of an auditor will decrease because it is influenced by the client and the audit results that will be received will be low. As for the tenure audit of the Big Four Public Accountants, the independent attitude in the auditors is preferred and also the attitude of professionalism so that the audit quality results can be better. The results in this study are not significant and do not match the logic of hypothesis preparation because the company that conducts tenure audits does not affect the quality of audits because the old KAP tenure cannot affect the independence of auditors so that it cannot reduce audit quality. In addition, a short tenure is also not always able to determine the reliability of audit quality, because it is possible that auditors do not have sufficient knowledge and experience to conduct audits at client companies.

The effect between audit rotations (ROTATION) to audit quality (K_AUD).

The results of the logistic regression coefficient test show that the level of significance possessed by the audit rotation variable is $0.078 > 0.05$. This indicates that the audit rotation has no effect on the quality of the audit. These results are supported by the results of previous research conducted by (Febriyanti & Mertha, 2014) and (Hartadi, 2012), (Sofyan et al., 2015). According to (Febriyanti & Mertha, 2014), Audit rotation variables have no effect on audit quality. And also (Sofyan et al., 2015), auditor rotation variables have no effect on audit quality. The audit rotation variable does not affect the quality of the audit due to the independence of the auditor, considerable costs, a long enough time for a new KAP to learn the company's business flow, it can also be that the company is afraid of the disclosure of all existing fraud, and the company has experience with other KAP whose performance is not satisfactory and also the rotation of auditors applied by a KAP is not followed by the rotation of all members of the audit team who work in the field or in the client. In person, the lack of concern of market participants regarding the change of auditors, and the audit team is still new, so the audit experience is still low.

Research conducted by (Hartadi, 2012), that the audit rotation variable has no effect on the quality of the audit because the market doesn't really care whether the auditor who expresses an opinion on the annual financial statements has been rotated or not. In addition, as most market participants in Indonesia, most of them market movements are caused by capital gains, so it is very unlikely that they will use fundamental analysis as a basis for making decisions on buying and selling stocks. The results of this study do not correspond to the research conducted by (Kurniasih & Rohman, 2014) Where the audit rotation variable affects the quality of the audit. According to (Kurniasih & Rohman, 2014), Auditors act as independent external parties and are tasked with assessing the fairness of the presentation of financial statements by providing quality audit results. The provision of audit opinions by auditors is based on the discovery of evidence and the state of the company, and to obtain quality audit results, it is necessary to rotate auditors by public accounting firms as well as from the company. The relationship of significance between the rotation of KAP auditors and the quality of audits associated with audit reports, it concludes that the policy of supporting rotation has a positive effect on the quality of audit reports because it allows for an approach that can refresh and restore public confidence in the audit function.

If there is a rotation of audits carried out by the company, the quality of the audits obtained is much better and can restore public trust. An auditor can defend with his independence attitude and make or present a financial report with quality audit results in order to provide an audit opinion that is in accordance with the company's circumstances and the discovery of evidence, therefore it is necessary to rotate audits by the KAP or from the company. The results in this study are not significant and do not match the logic of hypothesis preparation because the company that rotates the audit does

not affect the quality of the audit due to the lack of concern of market participants regarding the change of auditors, and the audit team is still new, so the audit experience is still low.

Influence between the size of the client company (SIZE) to audit quality (K_AUD).

The results of the logistic regression coefficient test show that the level of significance possessed by the client company size variable is 0.002 (Hartadi, 2012) and (Sinaga & GHOZALI, 2011). According to (Febriyanti & Mertha, 2014), The variable size of the client company affects the quality of the audit. And also according to the studies conducted (Sofyan et al., 2015), The variable size of the client company affects the quality of the audit because the larger the company, the more agency costs that occur. So that large-sized companies will tend to choose the services of large auditors who are professional, independent, and reputable to produce better audit quality. Research conducted by (Sinaga & GHOZALI, 2011), The variable size of the client company affects the quality of the audit because the company is large, with the size of the source of assets, the failure can be overcome by utilizing its assets. Large companies have a better internal control system than client companies. From the point of view of Perceived Quality, when both large companies and small companies acquire the same level of trust from users of financial statements that their financial statements have been free from material misstatements, for small companies this level of trust becomes more effective. The outcomes obtained by small companies when the output (trust of users of financial statements) have been achieved is greater than that of large companies. For small companies, the trust of financial statement users is not only able to promote their investments, but of course make their companies more concerned by the public and investors. As for large companies that are already in the public eye and spotlight, this level of trust only helps in promoting investment. So from the perspective of Perceived Quality, audit services in small companies are of higher quality compared to large companies.

The results in this study are significant and in accordance with the logic of hypothesis preparation because the larger the size of the company, the more complex the company's operational activities will be, so the company will look for a big four KAP because the KAP is more experienced in auditing the company in order to improve the quality of the company and the quality of the audit itself.

4. CONCLUSION

Based on the data collected and the results of tests that have been carried out using logistic regression tests and the discussion in the previous section can be concluded as follows: The results of the logistic regression test show that the audit fee has no effect on the quality of the audit. The results of this study do not support the research from the results of the research conducted by (Kurniasih & Rohman, 2014), (Arisinta, 2013), and (Taringan & Bangun, 2013). The results of the logistic regression test show that tenure audits have no effect on audit quality. The results of this study are supported by the results of research conducted by (Febriyanti & Mertha, 2014), (Hamid, 2013), (Priyohadi, 2013), (Sinaga & GHOZALI, 2011). The results of the logistic regression test show that audit rotation has no effect on audit quality. The results of this study are supported by the results of research conducted by (Febriyanti & Mertha, 2014) dan (Hartadi, 2012), (Sofyan et al., 2015). The results of the logistic regression test show that the size of the company affects the quality of the audit. The results of this study are supported by the results of research conducted by (Febriyanti & Mertha, 2014), (Sofyan et al., 2015) and (Sinaga & GHOZALI, 2011).

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