

## Recognizing the Adequacy of Review Quality in the Public Authority Audit of North Sumatra

**Muhammad Irsan Nasution**

Universitas Pembangunan Panca Budi

Email: [irsan@dosen.pancabudi.ac.id](mailto:irsan@dosen.pancabudi.ac.id)

**Yulisfan Yulisfan**

Universitas Pembangunan Panca Budi

Email: [yulisfan@dosen.pancabudi.ac.id](mailto:yulisfan@dosen.pancabudi.ac.id)

Corresponding author: [irsan@dosen.pancabudi.ac.id](mailto:irsan@dosen.pancabudi.ac.id)

### *Abstract.*

*The reason for this study was to decide the ID of the viability of inside review quality in the North Sumatra government. The exploration information were gotten from polls shipped off respondents, in particular evaluators in the commonplace and locale/city provincial directorates in North Sumatra. A sum of 130 usable surveys were remembered for the different relapse information examination. This study gives significant data to inspectorates and nearby legislatures in North Sumatra to decide the viability of inward quality in the North Sumatra government. The test confronting inspectors today is to grow their review rehearses and foster guidelines to screen the tasks of business substances enough. The ongoing high turnover rate reminds review firms, which are worried about preparing and giving adequate assets to tackle the issues examiners face in the work environment. Distinguishing the viability of inward review quality can be evaluated from many variables, including task intricacy.*

**Keywords:** *Audit, Review Quality, Waqf.*

## INTRODUCTION

Inside review plays a vital part in making powerful and responsible administration. Nonetheless, the nature of inner review execution in the nearby government area is frequently addressed. One of the key variables influencing the nature of interior review is the viability of the review cycle itself. The adequacy of nearby government inward review is as yet confronted with different obstructions, including low autonomy, restricted able evaluators, deficient spending plan, and feeble subsequent on review proposals. These circumstances can possibly decrease the quality and advantages that can be gotten from the execution of public area interior reviews. Inspectors are expected to do their work expertly with the goal that the subsequent review reports are of top notch. As per (DeAngelo, 1981) an examiner finds and reports infringement in the client's bookkeeping framework. The nature of the evaluator's work is connected with the nature of mastery, idealness of work fruition, sufficiency of assessment proof, and amazing skill in finishing work. Review quality is the manner by which in understanding the review is with evaluating principles (Bakri, 2021; Jeong, 2020; Kabuye et

al., 2019; Watkins et al., 2004). Inspectors should do their work expertly. Give exact and dependable data to direction (Davidson and Neu, 1993). Inner review is an autonomous and objective confirmation and counseling movement, fully intent on expanding esteem and getting to the next level hierarchical activities. In doing their obligations, inside examiners frequently face high review task intricacy and strain to finish reviews in a brief timeframe. The intricacy of the review errand can emerge out of a wide review scope, muddled review techniques, and high vulnerability and vagueness with respect to the review object. In the meantime, auditors face time and budget constraints as they must complete tasks on time with limited resources. Examiners might answer time spending plan tension with two distinct types of useless way of behaving, time underreporting and decreased review quality practices (Puncture and Sweeney, 2004). This study centers around decreasing review quality practices since this conduct is probably going to have serious ramifications for review quality. Concentrates, for example, those directed by (Coram et al., 2003; Malone and Robin, 1996; 2008, Mcnamara and Liyanarachchi; Otley and Puncture, 1996; Penetrate and Sweeney, 2004; 1991 Raghunathan; Willett and Page, 1996), have researched exactly or subjectively the immediate connection between time spending plan pressure and diminished review quality practices, all with differing levels of discoveries. Interior review assumes a significant part in keeping up with quality inside controls and great corporate administration. In any case, inward evaluators frequently face the test of review task intricacy and strain to finish reviews in a brief timeframe.

Review task intricacy can be brought about by the broadness of the review scope, how much inspecting, convoluted review strategies, and high vulnerability with respect to the review object. In the mean time, time spending plan pressure emerges because of requests for productivity and viability in the utilization of review assets. These circumstances can compromise the nature of inside review results assuming that examiners neglect to answer properly to task intricacy and time pressure. As a result, the goal of this study is to find out how well the North Sumatra government's internal audit quality works. The aftereffects of the review are supposed to give observational proof and strategy suggestions for working on the viability and nature of interior review in neighborhood legislatures in North Sumatra..

## **LITERATURE REVIEW**

### **Agency Theory**

According to Agency Theory, shareholders and management interact with one another as agents. Investors contract and select administration to work in light of the interests of

investors. All work should be represented by the board to investors. ( Scott, 2015) states about Organization Hypothesis as follows: " A subfield of game theory known as "agency theory" investigates how contracts are constructed to compel a rational agent to act on behalf of a principal when the agent's interests would otherwise be at odds with the principal's. Office relationship is depicted by (Jensen and Meckling, 1976) as "office relationship as an agreement under which at least one people (the chiefs) draw in someone else (the specialist) to play out some help for their sake which includes designating a dynamic power to the specialist." An office relationship is depicted as an agreement in which the head (at least one people) orders the specialist (someone else) to play out a few work for the head and the specialist is approved to pursue choices that are to the greatest advantage of the head. It is presumed that the agent will act in a manner consistent with the principal's expectations if the objectives of both parties are the same, which is to maximize organizational value. Chiefs as organization proprietors positively need to continuously get all the data about organization exercises, particularly for exercises connected with the assets or speculations they put resources into the organization.

The accountability report that is prepared by the agent provides principals with the various pieces of information they require as well as a method for evaluating the agent's performance over a specific time period. Nonetheless, for their exhibition to be viewed as great, specialists frequently will generally put forth different attempts to make their responsibility reports look great and create benefits for the head, despite the fact that the truth might be unique. An independent third-party audit conducted by the auditor is required to prevent this from happening. Subsequently, the fiscal summaries arranged by the specialist can be more trusted (dependable) (Marsellia et al., 2012). In the public authority area, chose and named government authorities (eg lead representatives) are specialists, while citizens (the general population) are directors. Authorities in government as the party that arranges public administrations have more data so they can simply decide or strategies that are just worried about the public authority and the specialists and disregard the interests and government assistance of individuals. To diminish these issues, the work that should be made by nearby legislatures is to introduce monetary reports in a straightforward and responsible way.

## **RESEARCH METHOD(S)**

This sort of examination utilizes quantitative exploration. This examination was led in the North Sumatra government. The example of this study were examiners at the common and locale/city provincial inpectorates in North Sumatra and appropriated polls upwards of 130

evaluators. The sort of information utilized is essential information. The information examination procedure utilized is basic relapse utilizing shrewd PLS by dissecting the information spellbindingly.

## **FINDINGS AND DUSCUSSION**

### **Discussion**

#### **1) Descriptive Statistics**

Table 1 below shows the descriptive statistics of the research variables.

**Table 1. Descriptive Statistics**

	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Remarks</b>
<b>TC</b>	1.25	5.00	3.9788	.90114	High

Internal quality effectiveness seen from task complexity (TC) shows a value of 3.9788, for the minimum value of 1.25 and a maximum value of 5.00 while the standard deviation is 0.90114.

#### **2) Correlation Matrix**

Table 2. below shows the correlation matrix of the research variables.

**Table 2. Correlation Matrix**

	<b>KA</b>	<b>TC</b>
<b>TC</b>	.934***	1

From table 2. Connection Network shows that variable (X1) affects inner review quality. This undertaking intricacy/(X1) essentially affects review quality. Task intricacy alludes to the degree of trouble, intricacy, or intricacy of a task or undertaking that should be finished. Complex undertakings can include numerous factors, stages, or perspectives that should be thought of, and expect inside and out grasping, abilities, and cautious fruition. Inside review quality remembers for profundity examination and assessment abilities. The more mind boggling the review task, the more this capacity is expected to comprehend what is happening great and give significant suggestions. This is in accordance with research directed by Primasatya et al (2019), which expresses that freedom affects the adequacy of inner review, capability influences the viability of inside review, review quality doesn't influence the viability of inside review, and the board support influences inside review.

## **Research Results**

From the consequences of the review, it tends to be expressed that TC has a positive impact. This is in accordance with research directed by Smith (2019) in his exploration finding that high errand intricacy can really expand the expert suspicion of inward evaluators, subsequently emphatically affecting review quality. Task intricacy builds the inspiration and expert incredulity of interior evaluators. As per Job Hypothesis, more mind boggling and testing undertakings can rouse inside reviewers to give their all. Task intricacy additionally energizes the expert suspicion expected to guarantee that the review proof acquired is substantial and adequate.

Task intricacy supports more cautious and careful review arranging. Inside reviewers need to design review steps all the more cautiously to deal with complex errands. This more cautious arranging eventually builds the adequacy of the review. Task intricacy expands' comprehension reviewers might interpret the review region. By taking care of complicated errands, inside's how reviewers might interpret auditee activities and dangers increments. This better comprehension permits evaluators to direct more far reaching reviews. Task intricacy increments work fulfillment and maintenance of skilled examiners. Talented auditors may become disinterested and unmotivated if routine tasks are overly straightforward. Internal auditors' levels of job satisfaction and retention may rise as a result of tasks that are moderately complex.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

Distinguishing proof of the viability of inside review quality as seen from Review Intricacy/Errand Intricacy affects inner review quality. This is in accordance with research led by Suprpto et al (2020) which expresses that task intricacy influences review quality. Broken examiners can't direct errand intricacy on review quality.

### **Suggestion**

The nature of interior inspectors can be improved by coordinating preparation and advancement connected with the specialized abilities and information on inward examiners. In-depth knowledge of government regulations, financial literacy, and quality auditing abilities are all examples of this.

## REFERENCES

- AICPA. (2009). Statement of position regarding mandatory rotation of audit firms of publicly held companies American Institute of Certified Public Accountants. SEC Practice Section. In American Institute of Certified Public Accountants. [https://egrove.olemiss.edu/aicpa\\_assoc](https://egrove.olemiss.edu/aicpa_assoc).
- Alderman, C. W., & Deitrick, J. . (1982). Auditors' Perceptions of Time Budget Pressures and Premature Sign-offs: A Replication and Extension". *Auditing: A Journal of Practice and Theory*, 1(2).
- Bakri, M. A. (2021). Moderating effect of audit quality: The case of dividend and firm value in Malaysian firms. *Cogent Business and Management*, 8(1). <https://doi.org/10.1080/23311975.2021.2004807>.
- Benford, T. L. (2000). Determinants of audit performance: an investigation of task/technology fit and mental workload. *Dissertation Abstracts International*, 61–08.
- Cook, E., & Kelley, T. (1988). Auditor stress and time budgets. *CPA Journal*, 58.
- Coram, P., Ng, J., & Woodliff, D. (2003). A Survey of Time Budget Pressure and Reduced Audit Quality Among Australian Auditors. *Australian Accounting Review*, 13(1).
- Davidson, R. A., & Neu, D. (1993). A Note on The Association between Audit Firm Size and Audit Quality. *Contemporary Accounting Research*, 9 (Spring).
- DeAngelo, L. E. (1981). Auditor size and audit fees. *Journal of Accounting and Economics*, 3(3), 183–199.
- DeZoort, T. (1998). Time pressure research in auditing: Implications for practice. *The Auditor's Report*, 22.
- Gold-Nöteberg, A. ., Hunton, J. ., & Gomaa, M. . (2006). The impact of client and auditor gender on auditors' judgments. *ERIM Report Series Research in Management*, Erasmus Research Institute of Management, Rotterdam. <https://doi.org/10.2308/acch.2009.23.1.1>.
- Jensen, M., & Meckling, W. (1976). Theory of The Firm: Managerial Behavior, Agency Cost and Ownership Structure. *Human Relations*, 3, 305–260. <https://doi.org/10.1177/0018726718812602>.
- Jeong, K. (2020). The effect of audit quality on analyst following. *Cogent Business and Management*, 7(1). <https://doi.org/10.1080/23311975.2020.1798068>.
- Kabuye, F., Bugambiro, N., Akugizibwe, I., Nuwasiima, S., & Naigaga, S. (2019). The influence of tone at the top management level and internal audit quality on the effectiveness of risk management practices in the financial services sector. *Cogent Business and Management*, 6(1). <https://doi.org/10.1080/23311975.2019.1704609>.
- Kalley, T., & Seiler, R. E. (1982). Auditor Stree and Time Budgets. *Journal of Allergy and Clinical Immunology*, 7. <http://dx.doi.org/10.1016/j.jaci.2012.05.050>.
- Malone, C. F., & Robin, W. R. (1996). Factors Associated with the Incidence of Reduced Audit Quality Behaviors. *Auditing: A. Journal of Practice and Theory*, 15(2).
- Margheim, L., Kelley, T., & Pattison, D. (2005). An empirical analysis of the effects of auditor time budget pressure and time deadline pressure. *Journal of Applied Business Research*, 21(1), 23–35. <https://doi.org/10.19030/jabr.v21i1.1497>.
- Marsellia, Meiden, C., & Hermawan, B. (2012). Pengaruh Kompetensi dan Independensi

- Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Moderator (Studi Empiris Pada Auditor Di KAP Big Four Jakarta). Pengaruh Kompetensi Dan Independensi Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Moderator (Studi Empiris Pada Auditor Di KAP Big Four Jakarta), April, 1–15.
- Mcnamara, S. M., & Liyanarachchi, G. A. (2008). Time budget pressure and auditor dysfunctional behaviour within an occupational stress model. *Accountancy Business and the Public Interest*, 7(1), 1–43.
- Nordqvist, S., Hovmark, S., & Zika-Viktorsson, A. (2004). Perceived time pressure and social processes in project teams. *International Journal of Project Management*, 22(6), 463–468. <https://doi.org/10.1016/j.ijproman.2003.11.005>.
- Otley, D. T., & Pierce, B. J. (1996). Auditor time budget pressure: Consequences and antecedents. *Accounting, Auditing & Accountability Journal*, 9(1), 31–58. <https://doi.org/10.1108/09513579610109969>.
- Pierce, B., & Sweeney, B. (2004). Cost–quality conflict in audit firms: an empirical investigation. *European Accounting Review*, 13(3), 415–441. <https://doi.org/10.1080/0963818042000216794>.
- Prabhu, N. S. (1987). *Second Language Pedagogy*. In Oxford University Press.
- Raghunathan, B. (1991). Premature Signing-Off of Audit Procedures: An Analysis. *Accounting Horizons*, 5(2).
- Scott, W. R. (2015). *Financial Accounting Theory (7th ed.)*. Pearson Canada Inc.
- Smith (2019). "The Impact of Task Complexity on Internal Audit Quality" *Jurnal Accounting Horizons*.
- Suprpto et al (2020) "Pengaruh Kompleksitas Tugas Terhadap Kualitas Audit Dengan Disfungsional Auditor Sebagai Variabel Moderasi". *Jurnal Ilmu Akuntansi*.
- Watkins, A. L., Hillison, W., & Morecroft, S. E. (2004). Audit Quality: A Synthesis of Theory and Empirical Evidence. *Journal of Accounting Literature*, 23.
- Willett, C., & Page, M. J. (1996). A survey of time budget pressure and irregular auditing practices among newly qualified UK chartered accountants. *British Accounting Review*, 28(2), 101–120. <https://doi.org/10.1006/bare.1996.0009>.