

The Effect of Time Budget Pressure, Audit Fee, and Auditor Independence on Audit Quality (Empirical Study on Foreign-Affiliated Public Accountants in Jakarta)

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ABSTRACT

This study aims to determine the effect of time budget pressure, audit fees, and auditor independence on audit quality. Quantitative data is used in this study. The data used in this study is primary data. The data was obtained by distributing questionnaires to the respondents, and the data was processed in as many as 92 questionnaires. The population in this study are auditors who work at a foreign-affiliated Public Accounting Firm (KAP) in Jakarta. The test was carried out with the help of IBM SPSS statistic 25. The findings underscore the significant impact of time budget pressure on audit quality, emphasizing that auditors' performance is intrinsically linked to their ability to manage the pressures associated with tight timelines. In contrast, audit fees were not found to substantially affect audit quality, revealing that an excessive fee structure may jeopardize auditor independence. Auditor independence emerged as a critical factor, significantly influencing audit quality. A higher level of independence among auditors corresponded with improved audit quality. This research underscores the need for careful management of time constraints and emphasizes the pivotal role of auditor independence in ensuring the integrity and reliability of audit outcomes.

Keywords: Audit Fee, Audit Quality, Auditor Independence, Time Budget Pressure

INTRODUCTION

An audit examines a company's financial statements by an independent public accounting firm. An audit involves an investigation looking for accounting records & other evidence to support the financial statements. By gaining an understanding of the company's internal controls, and by examining documents, observing assets, making inquiries inside & outside the company, and performing other audit procedures, the auditor will gather the evidence needed to determine whether the financial statements provide a fair and complete picture of the company financial position and activities during the audited period. The result of this process is the audit opinion which is an expression of the company's condition and is free from the influence of others (Bazerman, Morgan, & Loewenstein, 1997). Audit opinion shows us how the quality of the audit if the audit is done well.

Recent high-profile cases have brought attention to the issue of audit quality, particularly those involving public accountants. An illustrative instance took place in Indonesia in 2011 when accounting irregularities and financial report discrepancies came to light at PT Indosat Tbk (ISAT), also known as Indosat Ooredoo. This incident led to a decline in public confidence regarding the quality of audits conducted. The partner public accounting firm for Ernst & Young (EY) in Indonesia, operating under the name KAP Purwanto, Suherman & Surja, faced significant consequences for its failure to perform a rigorous audit of the financial report. This lapse resulted in a fine of US\$1,000,000 (equivalent to approximately Rp13.3 billion) imposed by U.S. regulators. It was revealed that members of the EY network in Indonesia who had provided an unqualified audit opinion for PT Indosat Tbk (ISAT) or Indosat Ooredoo in 2011 had relied on insufficient evidence. The investigation initiated when EY partner accounting firms in the United States scrutinized the audit outcomes of their counterparts in Indonesia. They discovered that the audit findings for PT Indosat Tbk (ISAT) or Indosat Ooredoo, particularly in relation to leasing over four thousand cellular tower units, lacked accurate substantiation. Despite this, EY's affiliate in Indonesia had issued an unqualified audit report (Astria, 2017).

During 2018, several instances of accounting and financial reporting misconduct came to light, involving Deloitte entities in Indonesia, specifically Public Accountant Marlinna, Public Accountant Merliyana Syamsul, and KAP Satrio, Bing, Eny & Partners (SBE). In response to these cases, the Financial Services Authority took action by imposing administrative sanctions. Public Accountants Marlinna and Merliyana Syamsul faced restrictions on providing audit services to financial institutions. On the other hand, KAP SBE & Partners received sanctions in the form of recommendations for enhancing policies and procedures within their quality control system concerning the potential conflicts of interest among senior engagement team members. Notably, the annual financial report of Sunprima Nusantara Pemfundan (SNP) Finance, which was audited by a Public Accountant affiliated with KAP SBE, bore an unqualified opinion. However, the findings of the examination conducted by the OJK revealed discrepancies. Specifically, SNP Finance had failed to meet its interest obligations on medium-term notes (MTN), an issue that had not been included in the report from KAP SBE (Qolbi, 2019).

Audit quality results threaten by some of the factors that determine it. It consists of time budget pressure, audit fee, and auditor independence. The audit quality is related to the compatibility with legal and professional requirements and occurs when GAAP failures and audit report failures occur (Francis, 2004). Time budget pressure threatens audit quality because the auditor is under a plan when conducting an audit program where the pressure is a time limit (Kesuma & Dwirandra, 2019). The second factor is the audit fee. The audit fee provides an assurance and reflects the level of responsibility and risk

(Rahmina & Agoes, 2014). So that the audit fee determines the audit quality. Audit quality is impacted by auditor independence. The auditor who is not independent will not report deviations that it interferes with audit quality (Tepalagul & Lin, 2015).

In light of the explanation provided above, the researcher is compelled to embark on a comprehensive inquiry aimed at delving deeper into the intricate dynamics of audit quality within foreign-affiliated public accounting firms situated in Jakarta. The essence of this study hinges on the exploration of the effect of three critical variables, namely time budget pressure, audit fees, and auditor independence, on the quality of audits conducted within this specific context.

The research problems that underpin this study are multifaceted. The first query seeks to discern whether time budget pressure exerts a significant influence on audit quality within the purview of foreign-affiliated public accounting firms. The second inquiry pertains to the potential impact of audit fees on audit quality, seeking to elucidate the extent to which financial considerations affect the thoroughness and rigor of the auditing process. The third research problem addresses the role of auditor independence in shaping audit quality, a pivotal factor often considered a cornerstone of the auditing profession.

In light of these research problems, the overarching research objective is to provide a nuanced understanding of the multifaceted relationships between time budget pressure, audit fees, auditor independence, and audit quality within the unique context of foreign-affiliated public accounting firms in Jakarta. By rigorously investigating these variables, this research aims to contribute valuable insights to the field of auditing and corporate governance, shedding light on the complexities inherent in this professional domain.

The significance of this research is twofold. Firstly, it addresses real-world challenges and considerations encountered by auditors and public accounting firms operating in a dynamic and increasingly competitive business landscape. By unearthing the factors that impact audit quality, the study offers actionable insights for practitioners and firms to enhance their auditing practices. Secondly, in the broader academic sphere, this research augments the existing body of knowledge concerning auditing dynamics, providing a basis for further research and contributing to the ongoing evolution of auditing theory and practice. Ultimately, this research carries the potential to enhance transparency, accountability, and trust within the corporate sector by advancing our understanding of how audit quality can be optimized in the face of various external and internal influences.

LITERATURE REVIEW

Agency Theory

Agency theory operates on the premise that every individual primarily pursues their self-interests, thereby giving rise to inherent conflicts of interest within the principal-agent relationship (Christiana, Purnama, & Ardila, 2020). This theory fundamentally explores the dynamics inherent in situations where one party, the principal, delegates responsibilities and decision-making authority to another party, the agent, while recognizing the distinct interests that each party harbors. At its core, agency theory assumes that individuals, whether acting as principals or agents, act in a manner designed to maximize their personal benefits. These self-serving motivations introduce the potential for misalignment between the goals and incentives of the principal and agent. Consequently, the theory serves as a foundation for understanding and addressing these conflicts of interest that may arise.

Agency theory's significance extends across various sectors, most notably in corporate governance, where it plays a pivotal role in shaping management and shareholder relationships. By illuminating the inherent conflicts of interest within these relationships, the theory provides valuable insights into how to design mechanisms, such as compensation structures and monitoring systems, to mitigate these conflicts and ensure that the interests of both parties are better aligned. Furthermore, agency theory's applicability spans beyond corporate governance, finding relevance in contexts ranging from economics and finance to law and public administration. It remains an influential lens through which to comprehend and address the intricacies of the principal-agent dynamic in a variety of settings.

The concept introduced by Jensen and Meckling (2019) outlines an agency relationship as an agreement in which one or more principals entrust an agent with tasks aligned with their interests. This arrangement often involves delegating certain decisions and granting authority to the agent. In the context of a company, the management, represented by the company's managers, bears a profound responsibility to the capital owners. These capital owners have vested their authority in the management to make decisions that promote the advancement of the company they oversee. Agency theory posits that the rationale for seeking the services of an independent auditor can be elucidated through the lens of this agency theory, emphasizing the relationship between the owner (principal) and management (agent).

To mitigate agency issues arising from information disparities, the presence of an impartial mediator becomes imperative. This mediator, commonly referred to as an independent auditor (Tandiontong, 2016), plays a crucial role in addressing conflicts and ensuring accountability. These auditors serve as impartial watchdogs, safeguarding the integrity of financial information and ensuring accountability within organizations. They play a critical role in mitigating conflicts that may arise due to information asymmetry, as they provide an unbiased and expert assessment of a company's financial statements and internal controls.

In the context of the Public Accounting Firm (KAP) and its association with this theory, it is postulated that the head of the KAP, acting as the principal, seeks to reap the benefits stemming from audit work. The principal's objectives revolve around the completion of audit tasks within the designated timeframes and the workload apportioned to auditors. On the other hand, auditors, serving as agents, are expected to receive compensation that aligns with the tasks they have undertaken and their competencies (Viera, Zakaria, & Sumiati, 2021).

Consequently, as audit work unfolds, the principal's role is to ensure that the time allocated and the workload assigned to auditors are in harmony with the auditors' capabilities. This strategic approach aims to prevent any decline in auditor performance, stemming from excessively rigid time constraints or an overwhelming workload. In this dynamic, the head of the KAP evaluates the auditor's performance, considering their proficiency in time management, resilience to work-related stress, and the degree of independence demonstrated during the audit process. If the auditor, acting as an agent, can effectively navigate the pressures, such as constrained timelines and substantial workloads, while also upholding their independence, they are regarded as competent and motivated in their roles. Consequently, the auditor becomes eligible for compensation or incentives that correlate with their performance, thereby aligning interests and fostering motivation within the organization. This approach underscores the importance of harmonizing the principal-agent relationship to optimize the efficiency and quality of audit work (Viera, Zakaria, & Sumiati, 2021).

Independent auditors function as a vital link in the chain of checks and balances within the corporate world. They are responsible for thoroughly examining a company's financial records, transactions, and reporting procedures to validate their accuracy and compliance with accounting standards and regulations. This rigorous scrutiny not only instills confidence in stakeholders such as shareholders, creditors, and investors but also fosters transparency and trust in the business environment.

By objectively evaluating a company's financial health, the independent auditor assists in identifying and rectifying irregularities and inconsistencies, thereby reducing the risk of fraud or mismanagement. In doing so, they help fortify the bond of trust between the management and the various stakeholders who rely on accurate financial information to make informed decisions. In essence, the role of an independent auditor is indispensable in upholding the principles of good corporate governance and ensuring the reliability and credibility of financial reporting in the corporate world.

Attribution Theory

Attribution theory, initially introduced by Kelley in 1973, offers a framework for understanding how individuals arrive at conclusions regarding the causes and motivations behind people's actions and decisions. This theory posits that when people witness someone's behavior, they instinctively seek to discern whether it originates from internal or external factors (Judge & Robbins, 2017). The judgments individuals make about others are heavily shaped by their assessments of the internal and external circumstances at play.

Attribution theory becomes highly pertinent in elucidating the aforementioned intentions because it delves into the very process of decision-making. By considering whether actions stem from personal traits or external circumstances, individuals can gain insights into the underlying rationale and causation of behavior. This concept plays a fundamental role in how people perceive and make judgments about the actions and decisions of those around them, shedding light on the intricate interplay of internal and external factors in shaping human behavior and choices. In essence, attribution theory serves as a valuable tool for comprehending the intricacies of human decision-making processes and the attribution of causes to actions.

Attribution theory, as has been mentioned by Susanti and Sujana in Viera, Zakaria, and Sumiati's study (2021), postulates that attributions or external influences hold the potential to significantly impact an individual's conduct and ethical principles. In the realm of auditing, this theory posits that the pressures arising from stringent time constraints can lead to a transformation in the auditor's demeanor and behavior during the execution of audit procedures, often resulting in suboptimal performance.

The attribution theory's relevance in the context of auditing is multifaceted. It recognizes that auditors are not impervious to the external factors that can exert stress and pressure upon them, particularly when navigating tight deadlines. Such pressures have the potential to mold an auditor's attitudes and actions, potentially leading to behaviors that deviate from the expected standards of diligence and rigor in the audit process.

In practical terms, when auditors find themselves grappling with limited time for completing audit procedures, the resulting time pressures may induce stress and compromise their ability to perform at their best. This can have implications for the thoroughness of the audit and the quality of the work conducted. As a result, the attribution theory underscores the need to carefully manage time constraints in auditing to minimize their potential negative impact on auditor attitudes, behaviors, and ultimately, the quality of audit procedures. It serves as a valuable framework for understanding and

addressing the complex interplay of external pressures and auditor performance within the audit profession.

Audit and Audit Quality

Audit, as delineated by Arens, Elder, Beasley, and Hogan in 2017, entails the systematic collection and scrutiny of evidence pertaining to information to assess and communicate the extent to which the said information aligns with predetermined criteria. Essentially, the purpose of an audit is to critically assess and offer an expert judgment on the fairness of financial statements, drawing from the evidence acquired through a rigorous, impartial process conducted by a qualified and independent professional. This scrutiny aims to provide users of financial statements with the auditor's assurance regarding whether the financial statements, in all material aspects, faithfully adhere to the applicable financial accounting framework as outlined by Arens, Elder, Beasley, and Hogan (2017). This auditor's opinion carries significant weight and bolsters the confidence of stakeholders in the reliability and accuracy of the financial statements.

Within the domain of auditing, a multitude of audit types are undertaken, each aligned with specific objectives. According to Agoes (2016), audit can be categorized into various genres, including operational, compliance, internal, and computer audits. Operational audits delve into assessing the efficiency and effectiveness of a business's operations, while compliance audits focus on ensuring that an entity is adhering to legal and regulatory requirements. Internal audits aim to enhance internal controls and mitigate risks, and computer audits specifically target the assessment of information technology systems.

DeAngelo (1981) underscores the significance of audit quality in this context. High audit quality empowers auditors to not only unearth any violations or errors within the client's accounting system but also to diligently report and address these transgressions. This fosters transparency, accountability, and, ultimately, the trust and reliability that underpin the entire financial reporting and auditing ecosystem.

Benevolence in Audit Quality

According to Sailendra, Murwaningsari, Mayangsari, and Murtanto (2020), the concept of benevolence, within the scope of this investigation, is defined as an auditor's capacity to execute their professional duties conscientiously and responsibly, all the while upholding the principles of integrity. It is fundamentally underpinned by the intent to act with goodwill and constructively, fostering a harmonious and mutually satisfying relationship between auditors and auditees, all without compromising the broader public interest. In this view, the relationship between auditors and auditees transcends the pursuit of corporate profits, extending to the cultivation of satisfaction and public trust. Benevolence emerges as an intrinsic value within the realm of corporate governance and auditing, culminating in the production of high-quality and dependable financial reports.

This perspective asserts that the figures and information encapsulated within financial statements are meticulously managed and crafted with good intentions. This approach is inherently geared toward providing advantages and benefits to various stakeholders, while concurrently safeguarding the interests of those who rely upon the information contained in financial statements. In essence, benevolence operates as the moral compass guiding the actions of auditors, reinforcing the significance of ethical conduct and responsible financial reporting within corporate governance. It champions the view that financial statements should not merely serve profit-driven objectives but also uphold a commitment to the greater common good, thereby ensuring the reliability and utility of financial information for all users.

Time Budget Pressure

As delineated by Setiawati, Pramanaswari, and Putra (2022), audit time budget pressure becomes evident in scenarios where the audit work unit allocates a notably limited amount of time to auditors for the completion of specific audit procedures. It is not uncommon for auditors to find themselves facing stringent time constraints, with the time budget assigned to them often falling significantly short of the demands posed by their tasks. Audit time budget pressure is a phenomenon with substantial implications within the field of auditing. The limited time allocated to auditors can create a challenging environment, potentially compromising the thoroughness and quality of audit procedures. Auditors may find themselves grappling with the pressure to perform within these constraints, often having to prioritize tasks and make swift decisions. This can impact the comprehensiveness of their work and the depth of scrutiny applied during the audit.

The recognition of audit time budget pressure is paramount in ensuring the quality and effectiveness of audit procedures. It underscores the need for auditors and audit units to strike a balance between the time available and the complexity of the tasks at hand. Additionally, it highlights the significance of allocating adequate time to auditors to facilitate meticulous and high-quality audit work. Addressing this pressure is crucial for upholding the integrity of the audit process and the reliability of its outcomes.

In the intricate landscape of auditing, each KAP undertakes the vital task of estimating the time required, often referred to as the time budget, to effectively execute the audit process. This time budget serves as a guiding framework for auditors, delineating the essential audit steps within each audit program. The determination of this time budget entails a consultative process involving the KAP and the concerned client, as they collaborate to establish a feasible timeframe for the audit activities (Jelista, Hardi, & Julita, 2015). Once the time budget is meticulously crafted, it is then thoughtfully allocated to the auditors participating in the audit engagement, thereby serving as a temporal foundation for the audit task at hand (Wiratmaja & Suardana, 2018).

However, it is imperative to recognize that the imposition of a stringent time budget by the KAP may inadvertently lead to auditors grappling with limited time resources. In the execution of their responsibilities, auditors are entrusted with the critical duty of meticulously scrutinizing the entirety of a client company's financial statements. This thorough examination is paramount to prevent any potential fraud or misrepresentation within these financial documents (Jelista, Hardi, & Julita, 2015). Hence, the concept of time budget pressure emerges, reflecting the time allocation set by the client, aimed at ensuring that auditors diligently gather evidence to substantiate the outcomes of their examinations while guarding against any potential misconduct or manipulation (Wahyuni & Isnawati, 2021).

In essence, the establishment of an apt time budget is a delicate balancing act, essential for efficient audit operations, but also necessitating a level of flexibility to accommodate the complex and often unpredictable nature of financial scrutiny. Moreover, it underscores the profound importance of ensuring auditors have the requisite time and resources to maintain the integrity of financial reporting and the overall audit process.

Audit Fee

Audit fees represent the compensation received by public accountants for the provision of audit services, manifesting as rewards or wages. The specific amount of these fees is subject to multiple influencing factors. These factors include the inherent risk associated with the audit assignment, the intricacy of the services rendered, the level of expertise requisite to execute these services proficiently, the prevailing fee structure within the

pertinent Public Accounting Firm, and a range of other professional considerations (Mulyadi, 2016).

Furthermore, it is essential to acknowledge that the quantum of audit fees is contingent upon several parameters. These encompass, among other variables, the risk profile associated with the assignment, the complexity and scope of the services offered, the extent of specialized knowledge and skills required to execute the services, the fee structure adhered to by the concerned Public Accounting Firm (KAP), and an assortment of other pertinent professional factors (Zamzami, Tantri, & Timur, 2017).

In light of the definitions provided above, it is evident that audit fees encompass the financial compensation or remuneration extended by auditors to their clients. This compensation reflects the quantity of audit services that management has requisitioned and, in turn, is remitted to the public accountant after the diligent execution of audit services. The fees, which can fluctuate based on the complexity and characteristics of the audit engagement, serve as a critical aspect of the professional relationship between auditors and their clients, reinforcing the importance of precision and transparency in the fee determination process.

Auditor Independence

As per the guidelines delineated in the Public Accountant Professional Standards (SPAP), specifically within the ambit of Auditing Standards (SA) found in section 220 of Statement of Auditing Standards (PSA) No. 4, the concept of independence assumes a pivotal role (Agustina & Indrayani, 2020). Independence, in this context, implies that public accountants should not be readily swayed or influenced by external forces or interests. Public accountants are entrusted with a fundamental duty to remain impartial and should not align themselves with the interests of any party involved. This commitment to impartiality extends beyond management and company owners, encompassing creditors and all other stakeholders who place their faith in the work of public accountants.

In essence, independence within the context of auditing embodies a mental disposition that remains unaffected by external pressures, control, or dependence on any external entity. It entails an unwavering commitment to honesty and integrity. The auditor is obligated to consider facts objectively, maintaining impartiality and objectivity throughout the audit process. The primary objective is to ensure that the audit outcomes are a faithful representation of the facts and remain devoid of any external influences. Independence, as defined within the professional standards, safeguards the credibility and trustworthiness of the audit process, thereby upholding the vital role that auditors play in ensuring financial transparency and accountability. This concept underscores the critical role of independence in upholding the integrity of financial reporting and the reliability of audit results.

RESEARCH METHOD

This research focuses on auditors employed by foreign-affiliated KAP located in DKI Jakarta. To compile the sample for this study, the purposive sampling method was employed. The primary objective of this research is to elucidate the influence of several independent variables, specifically the impact of time budget pressure, audit fees, and auditor independence, on the dependent variable of audit quality. Data processing was conducted using IBM SPSS Statistics 25.

The collection of research data involved the distribution of hardcopy questionnaires to the selected KAPs that constituted the research sample. Notably, this sample encompassed 13 KAPs based in South Jakarta, 3 KAPs located in Central Jakarta, and

1 KAP situated in East Jakarta. The research project spanned over approximately two months, commencing from the point of questionnaire distribution and data collection. This comprehensive study endeavors to shed light on the intricate relationships between the aforementioned variables, ultimately enhancing our understanding of the multifaceted dynamics that shape audit quality in the context of foreign-affiliated Public Accounting Firms in DKI Jakarta.

RESULTS

Descriptive Statistics Results

Table 1. Descriptive Statistics ($N=92$)

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Time Budget Pressure	92	19	35	25,79	2,638
Audit Fee	92	7	20	14,87	2,868
Auditor Independence	92	21	35	27,09	3,672
Audit Quality	92	24	40	32,65	2,751
Valid N (listwise)	92				

The analysis results show that the respondent value obtained as a whole shows the number of respondents (N) as many as 92 for the time budget pressure variable (X1), Audit Fee variable (X2), Auditor Independence variable (X3), and Audit Quality (Y). Time budget pressure has a minimum value of 19. The maximum known value is 35. The average value obtained is 25.79, and the standard deviation is 2.638. These values are based on the answers to the distributed questionnaires.

The Audit Fee variable (X2) has a minimum value of 7 obtained from 2 KAP. The maximum value is known to be 20, obtained from 2 KAP. The average value obtained is 14.87, and the standard deviation is 2.868. The Auditor Independence variable (X3) is having a minimum value of 21. The maximum known value of 35. The average value obtained is 27.09, and the standard deviation is 3.672. The audit quality variable (Y) has a minimum value of 24. The maximum known value of 40 is obtained from 2 KAPs. The average value obtained is 32.65, and the standard deviation is 2.751.

T-test Results

Table 2. T-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,483	2,944		5,938	,000
	Time Budget Pressure	,402	,102	,385	3,933	,000
	Audit Fee	-,006	,089	-,006	-,070	,945
	Auditor Independence	,181	,073	,242	2,473	,015

a. Dependent Variable: Audit Quality

From the table above, it can be seen that the results of the regression analysis obtained a constant value of 17.483 with the coefficient on the dependent variable for the time budget pressure variable of 0.402, the coefficient for the audit fee variable of -0.06, and the coefficient for the independent variable of 0.181.

Hypothesis 1: Time Budget Pressure Positively Affects Audit Quality

The test results of the effect of time budget pressure on audit quality show the t_{count} value of $3.933 > t_{\text{table}} 1.98326$ and sig. of $0.00 < 0.05$. That is, there is a positive and significant effect between time budget pressure and audit quality, or hypothesis 1 is accepted.

Hypothesis 2: Audit Fees Have a Positive Effect on Audit Quality

The results of the test of the effect of audit fees on audit quality show a t_{count} of $-0.070 < t_{\text{table}} 1.98326$ and sig. of $0.945 > 0.05$ means that there is no effect between audit fees and audit quality. Therefore, hypothesis 2 of this study was rejected.

Hypothesis 3: Auditor Independence Positively Affects Audit Quality

The test results of the influence of auditor independence on audit quality show the t_{count} value of $2.473 > t_{\text{table}} 1.98326$ and sig. of $0.015 < 0.05$, meaning that there is a positive effect on audit quality. Therefore, hypothesis 3 of this study is accepted.

F-test Results

Table 3. F-test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	186,012	3	62,004	10,851	,000 ^b
	Residual	502,858	88	5,714		
	Total	688,870	91			
a. Dependent Variable: Audit Quality						
b. Predictors: (Constant), Auditor Independence, Audit Fee, Time Budget Pressure						

Based on the ANOVA output in table 3, F-count is 10,851 with a Sig value. of 0.000. This shows that the value of F-count is greater than $F_{\text{table}} 2.71$ and the value of Sig. smaller than 0.05. Thus, H_0 is rejected, and H_a is accepted. So, the independent variables consisting of time budget pressure, audit fees, and independence together have a significant influence on audit quality.

DISCUSSION

The results of the research conducted shed light on the intricate dynamics governing audit quality within the context of foreign-affiliated KAP in DKI Jakarta. Notably, the study discerns three crucial factors and their distinct influences on audit quality.

Firstly, time budget pressure emerges as a prominent determinant of audit quality. The research reveals a significant impact, indicating that the level of time budget pressure experienced by auditors has a consequential effect on the quality of their audits. In essence, a lower degree of time budget pressure corresponds to better audit quality. Time budget pressure places auditors under considerable stress, given the imperative to fulfill their responsibilities within defined time constraints. Auditors inherently require time efficiency to execute their duties effectively. The study underscores that when auditors effectively manage their time allocation, they can competently navigate time budget pressures, maintaining the integrity of their work and delivering trustworthy and reliable examination results. These findings resonate with prior research conducted by Nugroho in 2018, corroborating the substantial influence of time budget pressure on audit quality.

In contrast, the study finds that audit fees do not exert a discernible influence on audit quality. The rationale underlying this outcome pertains to the potential impact of excessively high audit fees, which may compromise auditor independence. A higher audit fee, in this context, could lead to auditors being less stringent in their evaluation, potentially overlooking or tolerating violations committed by the client company. Consequently, the quality of the audit results may deteriorate. This finding aligns with prior research conducted by Dhimadhanu in 2016, emphasizing that audit fees do not substantially impact audit quality.

Lastly, the research casts a spotlight on the profound significance of auditor independence and its indelible role in shaping the quality of audits. The concept of auditor independence is a cornerstone of the auditing profession, emblematic of the impartiality and objectivity that underpin the credibility of financial reporting. This study, in alignment with prior research conducted by Dewi and Budiarta in 2015, unequivocally affirms that auditor independence is a linchpin of audit quality. The nexus between auditor independence and audit quality is irrefutable. When auditors operate with a higher degree of independence, the resulting audits invariably exhibit superior quality. Independence empowers auditors to approach their tasks with impartiality, assuring that their judgments and assessments are guided by objectivity rather than external influences. This not only engenders trust but also fosters a heightened level of scrutiny and rigor in the audit process, leading to more robust and reliable outcomes. Conversely, a diminishment in auditor independence invariably translates into a corresponding decline in audit quality. When auditors are subject to external pressures or biases, their capacity to execute their duties with diligence and objectivity is compromised. This can lead to suboptimal audit outcomes, where issues may be overlooked or insufficiently examined due to a lack of independence.

Based on the research that has been done, the results are that time budget pressure significantly affects audit quality. Second, audit fees do not affect audit quality. Finally, auditor independence has a significant effect on audit quality. The research offers valuable insights into the intricate interplay between time budget pressure, audit fees, auditor independence, and audit quality within the domain of foreign-affiliated Public Accounting Firms in DKI Jakarta. These findings not only provide a deeper understanding of the factors influencing audit quality but also underscore the critical importance of managing time constraints and maintaining auditor independence to ensure the integrity and reliability of audit results.

CONCLUSION

The primary objective of this study was to investigate the interplay of three pivotal factors - time budget pressure, audit fees, and auditor independence - on the quality of audits. The research was conducted through a structured questionnaire-based approach involving 92 auditors working in Foreign Affiliated Public Accounting Firms in the Jakarta area. The questionnaire comprised a total of 27 questions, all of which were rigorously assessed for their validity and reliability, ensuring that the data collected were robust and accurate. Data analysis was executed using the SPSS version 25, a recognized statistical tool for research.

The results of this study are illuminating. They indicate that time budget pressure significantly influences audit quality, affirming the profound impact of managing time constraints on the integrity and reliability of audit outcomes. In contrast, audit fees were found to have no substantial influence on audit quality, emphasizing the need for a balance between fees and auditor independence to maintain the fidelity of audits. Notably, auditor independence emerged as a critical factor, significantly affecting audit quality. A higher degree of independence among auditors corresponded with superior audit quality.

As future research directions, it would be beneficial to incorporate additional independent variables, such as professionalism and competence, into the analysis. These variables are anticipated to exert significant influence on audit quality and warrant further exploration. Moreover, expanding the sample size and diversifying the pool of respondents could enhance the study's scope and provide a more comprehensive understanding of the factors at play. Utilizing more advanced and contemporary research tools and methodologies can also contribute to the generation of more precise and up-

to-date data. By broadening the research horizons, refining research methodologies, and introducing additional influential variables, future studies can provide a deeper and more nuanced understanding of the multifaceted dynamics governing audit quality, thus advancing the field of auditing and its practices.

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The authors declared no potential conflicts of interest.

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