



The Public Accounting Firm's Audit Judgment

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Abstract.

The assessment of audit reports issued by public accounting firms is problematic due to excessive uncertainty and caution when conducting audits. The research aim is to provide empirical evidence regarding the influence of work complexity and professional skepticism on audit judgment at Public Accounting Firms (KAP) in Bandung, which are registered with BPK RI. The population in this study consisted of 29 auditors from 13 Public Accounting Firms (KAP) in Bandung who were registered with BPK RI. The sample selected used a saturated sample, namely the entire population of 29 auditors from 13 public accounting firms (KAP) in Bandung. The analysis used is descriptive and verification analysis with quantitative techniques. The analysis model used is a multiple regression analysis model applied in the analysis. The results of hypothesis testing in this research prove that (1) Task Complexity has an effect on Audit Judgment, and (2) Professional Skepticism also has an effect on Audit Judgment. Other research evidence shows audit judgment factors, namely gender and audit obedience. Valuable findings in this research are that the complexity of the task and professional skepticism are determining factors in audit judgment. This research provides an important contribution for auditors in making judgments to produce audit opinions in accordance with the facts found in the audit process. Public accountants have a very important social role in relation to the duties and responsibilities complied with by auditors.

Keywords: Task Complexity, Professional Skepticism, Audit Judgment

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1. Introduction

Currently, the auditor profession has made much progress and is starting to be needed in both government agencies and the private sector in Indonesia. In carrying out their duties, of course, auditors are inseparable from the obstacles faced both internally and externally. Auditing is a profession that many people expect to be able to put trust in a party that usually audits financial statements and can be responsible for the opinions given. Public accountants have a very important social role in relation to the duties and responsibilities complied with by auditors. (Surtikanti.S, etc; 2023)

Testing the complexity of tasks in audits is also important because of the tendency for audit tasks to be complex tasks. The existence of a high complexity of tasks can undermine the judgments made by auditors (Abdolmohammadi & Wright, 1987). It argues that independence will decrease if auditors engage in personal relationships with their clients, as these can affect their mental attitudes and opinions. Furthermore, it is also said that one of the threats to this independence is the length of complexity of the task (Surtikanti S, etc. 2021)

Professional skepticism is defined as an attitude that includes critical thinking and questioning of audit evidence in SA Public Accountant Professional Standards Article 230 PSA No. 4. Professional skepticism is defined by SA Section 230 PSA No. 04 as a mindset that includes thoughts that constantly question and critically evaluate audit evidence. Auditors should not assume that management is dishonest, but they should also not feel that management's honesty is unquestionable or that the proof is sufficient. According to the International Standards on Auditing, auditors' professional skepticism is essential for a critical assessment of audit evidence. This means that auditors must always question the reliability of documents obtained from management and consider the adequacy and suitability of the evidence obtained. The importance of testing the influence of professional auditor skepticism factors on audit judgment is, among others, Because the more skeptical an auditor is, the lower the audit error rate (Takiah et al., 2011), (Awadallah et al.; 2024), (Surtikanti S.et.al 2023) and (Anggadini et al.; 2023). Audit judgment is a systematic and independent examination that determines whether the quality and results satisfy the standards, allowing them to achieve their objectives. (Grima et al., 2020).

2. Literature Review

2.1. Task complexity

Kahneman et al. (2011) define task difficulty as: Task complexity is considered synonymous with a highly tough task (requiring attention and superior mental processes) or a complicated task structure (what level of specification is required), (runs in a task). On the other hand, according to William C. Boynton (2020), task complexity is defined as: Task complexity is unstructured, difficult to understand, ambiguous, and interrelated.

William C. Boynton (2020) identifies four indicators of employment difficulty. This means: 1. Task difficulty. The amount of information available about an activity always determines its difficulty. 2. Task structure. The structure of a task is related to the clarity of information. 3. The amount of irrelevant information in the sense that the information does not correspond to the expected event. 4. Considerable ambiguity exists, particularly regarding the different outcomes that clients can obtain from audit activities.

2.2. Professional skepticism

James A. Hall (2011). Professional skepticism is defined as follows: The application of an attitude that always questions and critically assesses audit evidence. Meanwhile, Theodorus (2013) defines professional skepticism as follows: Professional skepticism is the obligation of the auditor to use and maintain his professional attitude throughout the engagement period, especially vigilance of the possibility of fraud that can be done by management, always questioning the audit evidence obtained and always apply prudence.

Theodorus (2013) states that professional auditors' professional skepticism towards several factors plays a role.

1. Recognize that management can act at any time
 - a. Management can maintain appropriate control and control.
 - b. Audit team members must abandon their belief that management is honest and sincere, even though past audit experience shows that management is honest and sincere.
2. Constantly asking questions
Critically evaluate the effectiveness or correctness of audit evidence received
3. Be careful

- a. Does the audit evidence raise questions
 - b. Documentation and responses to auditor questions
 - c. All details are available from the administrator
4. Please note:
- a. Ignore/underestimate strange/abnormal situations
 - b. Generalization of conclusions about audit observations.
 - c. Using incorrect assumptions in determining the nature, timing, and scope of audit procedures
 - d. Accepting invalid audit evidence based on management's honest expectations or beliefs, maintaining integrity, and continuously restating the results of audits conducted.
 - e. Accept management representations in lieu of sufficient and appropriate audit evidence to be obtained.

2.3. Audit Judgement

Bonner et al. (2020) define Audit Judgment as follows: Judgment is the formation of ideas, opinions, or thoughts about objects, events, circumstances, or types of phenomena. Judgment tends to take predictions about future events or evaluations of current situations. While according to Arent (2024) defines Audit Judgment as follows: The auditor's perspective in responding to information relates to the audit responsibilities and risks that will be faced by the auditor in connection with the judgment he makes.

According to Arent (2024), there are three kinds of audit consideration indicators, Firstly, determination of the level of materiality. Secondly, determination of the Audit risk level. Thirdly and finally, the audit around the question of whether the firm is a going concern

3. Methodology

This study employs descriptive and verification approaches along with a quantitative approach. This study's data was compiled from primary sources. The target population in this study is auditors at a Public Accounting Firm (KAP) in Bandung City registered with the BPK RI. The overall population as a whole is 29 auditors from 13 public accountants. The sampling technique is the census, so the number of people is as large as the population. The data testing method employed various linear regression data testing methodologies. Classical. The study's analysis was conducted using statistical methods and the Software Statistical Product and Service Solution (SPSS) application version 25. The analysis performed is the Person Correlation Coefficient Test, Hypothesis, and Determination Coefficient Test.

4. Findings

Research findings from quantitative and qualitative phases are synthesized to provide a comprehensive understanding of audit judgment in terms of task complexity factors and professional skepticism.

4.1. Quantitative Findings

The results of quantitative findings using simple regression methods are as follows:

Table 1
Multiple Linear Regression

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	2,587	2,166		1,194
	The Complexity of the Task (X ₁)	.260	.110	.363	2,355
	Professional Skepticism (X ₂)	.893	.232	.593	3,847

a. Dependent Variable: Audit judgment (Y)

Table 1 is based on the results of multiple linear regression estimates presented in table 1.166, it suggests that the value of constant (a) obtained is 2.587 with regression coefficient (bi) values of 0.260 X₁ and 0.893 X₂.

To determine the magnitude of the contribution of task complexity and professional skepticism to audit judgment, the calculation of the coefficient of determination is carried out as follows

Table 2
Coefficient Of Determination

Coefficients ^a			
Model	Standardized Coefficients	Correlations	Partial Coefficient of Determination
	Beta	Zero-order	Beta X Zo (%)
1 The Complexity of the Task (X ₁)	0,363	0,634	23%
Professional Skepticism (X ₂)	0,593	0,759	45%
Total Effect			68%

Table 2 describes the complexity of the task contributed 23% to the audit judgment, while the skepticism of the audit professional contributed 45%, so the total influence exerted by both was 68%.

To find out whether the hypothesis is accepted or not, the calculation of the hypothesis test (t-count) is carried out as follows:

Table 3
Hypothesis Test

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	2,587	2,166		1,194
	The Complexity of the Task (X ₁)	.260	.110	.363	2,355
	Professional Skepticism (X ₂)	.893	.232	.593	3,847

a. Dependent Variable: Audit judgment (Y)

From Table 3, it is explained that the t-count value is in the rejection area Ho (2.355>2.110) so that in accordance with the criteria for hypothesis testing is to reject Ho and accept Ha, meaning that the complexity of the task has a significant effect on the audit judgment. Table 5 also explains that the t-count value is in Ho's rejection area (3,847>2,110), so in accordance with the hypothesis testing criteria, rejecting Ho and accepting Ha, meaning that professional skepticism has a significant effect on audit judgment.

4.2. Qualitative Findings

Descriptive analysis is used to describe respondents' responses regarding the complexity of the task, professional skepticism, and audit judgment at the Public Accounting Firm (KAP) in Bandung City.

Table 4
Recapitulation of Respondents' Responses regarding the Complexity of Tasks at a Public Accounting Firm (KAP) in Bandung City

No.	Indicator	Index Score		Score Percentage	Interpretasi
		Actual	Ideal		
1	The Level of Difficulty of the Task	132	200	66	Good enough
2	Task Structure	133	200	66,5	Good enough
3	The Amount of Irrelevant Information	129	200	64,5	Good enough
4	The Presence of High Ambiguity	59	100	59	Good enough
Amount		453	700	64%	Good enough

Based on table 4 provides information regarding the results of the recapitulation of respondents' responses to 4 indicators of task complexity. In the table, it can be seen that the percentage score obtained from the 4 indicators is 64% and categorized as "Good Enough" is at the score percentage interval between "52.01% – 68.00%".

Table 5
Recapitulation of Respondents' Responses regarding the Professional Skepticism of Auditors at a Public Accounting Firm in Bandung City

No.	Indicator	Indexs Scor		Persentas e Scor	Interpretasi
		Actual	Ideal		
1	Recognizing that management can create fraud	62	100	62%	Good enough
2	A Questioning Thinking Attitude	60	100	60%	Good enough
3	Alert	63	100	63%	Good enough
4	Exercise Caution	59	100	59%	Good enough
Amount		244	400	61%	Good enough

Table 5 provides information regarding the results of the recapitulation of respondents' responses to 4 indicators of professional skepticism. In the table, it can be seen that the percentage score obtained from the 4 indicators is 61% and categorized as "Good Enough" is at the score percentage interval between "52.01% – 68.00%". Based on the percentage score obtained, it can be concluded that auditors who work at public accountants in the city of Bandung have fairly good skepticism.

Table 6
Recapitulation of Respondents' Responses regarding Audit Judgment at a
Public Accounting Firmin Bandung City

No.	Indicator	Indexs Skor		Persentase Scor	Interpretasi
		Actual	Ideal		
1	Materiality Level	128	200	64%	Good enough
2	Audit Risk Level	130	200	65%	Good enough
3	Audit Regarding Goings Concern	123	200	61,5%	Good enough
Amount		381	600	63,5%	Good enough

Based on table 6 provides information on the results of the recapitulation of respondents' responses to 3 audit indicators. In the table, it can be seen that the percentage value of the score obtained from the 3 indicators is 63.5% and belongs to the category of "Good Enough" being at the percentage interval of the score between "52.01%–68.00%". Based on these results, it can be concluded that the public accountant in Bandung City has a fairly good audit judgment.

5. Discussion

The findings of this study underscore that audit judgment is determined by factors such as the complexity of the task and the professional skepticism of public accounting firm auditors. Both quantitative and qualitative findings converge to illuminate the positive impact of audit judgment. This section discusses these findings in the context of the existing literature and their implications for public accounting firms.

5.1. Effect of Task complexity on Audit judgment

The coefficient of determination of task complexity has an influence of 23%, implying that the complexity of the work has a strong influence of 23% on audit judgment in the Office. According to the findings of statistical testing, the difficulty of the assignment has a substantial impact on audit judgment at the BPK RI-registered Public Accounting Firm in Bandung City.

The result of the correlation value obtained between the complexity of the task and the audit judgment. Referring to the guidelines for the interpretation of the correlation coefficient, the correlation value obtained between The intricacy of the task and the audit judgment is 0.634 and has a positive relationship direction with the degree of association classified as "Strong" being at a correlation interval between 0.60-0.799 and indicating that the relationship that occurs between the two is unidirectional which means that as long as the auditor does not have the complexity of the task, it will produce an optimal audit judgment. Public Accountants in the Bandung City Area are registered with the BPK RI, while the remaining 77% are influenced by other factors such as auditor experience, professional ethics, and compliance pressure.

Furthermore, the results of the t-test hypothesis test obtained showed that H_0 was rejected because the results of the t-test were greater than the t-table. The results of testing the hypothesis of the calculated value for the complexity of the task are 2,355, which means that there is a significant influence on the complexity of the task on the audit decision of a public accounting company in the Bandung City Area. Based on the verification analysis results, we may deduce that the task's complexity affects the audit judgment. This is consistent with the findings of the research by Ariyantini et al. (2014), Janne Chung et al. (2001), Olofsson et al. (2011), and Anggadini et al. (2020), which suggested that the difficulty of the work has a substantial effect on the audit judgment.

5.2. The Effect of Professional Skepticism of Auditors on Audit Judgment

The results of this study found that professional skepticism had a significant effect on audit judgment at Public Accounting Firms in the Bandung City Area registered with BPK RI.

The result of the coefficient of determination of professional skepticism has an influence of 45% which means that the complexity of the task has a significant influence of 45% on the audit judgment at the Public Accounting Firm in the

Bandung City Area registered with the BPK RI, while the remaining 55% is influenced by other factors such as auditor experience, professional ethics and compliance pressure.

Furthermore, the Results of the t-test hypotheses test obtained showed that H0 was rejected because the results of the thing test were greater than the t-table. The results of testing the hypothesis of the calculation value for professional skepticism amounted to 3,847, which means that there is a significant influence between professional auditor skepticism and audit judgment at a Public Accounting Firm in the Bandung City Area registered with the BPK RI. Based on the results of the verifiable analysis, it can be concluded that professional skepticism affects audit judgment; in accordance with the results of Siti, Hendra dan Mey (2013) stated that professional skepticism has a significant effect on audit judgment. Likewise, Alireza Khalegh, and Nasim Mahmoudian. (2011), Sanusi et al. (2007) state that professional skepticism has a significant effect on audit judgment.

5.3. Limitations and Future Research

Despite its contribution, the study had limitations. The scope is limited to a specific geographic area, which may affect the generalizability of the findings. Future research may consider a more diverse and larger sample covering different regions to ensure more comprehensive insights. In addition, while this study focused on the impact of audit judgment on task complexity and professional skepticism, other variables might influence this relationship, such as auditor competence and experience. Future studies may explore these aspects to provide a more nuanced understanding of the phenomenon. In conclusion, this study contributes to our understanding of how audit judgment can serve as audit quality is generated.

6. Conclusion

Auditors should be given tasks according to their capacities and abilities if they want to produce optimal audit judgments. In its implementation of indicators regarding indicators of applying prudence, auditors who do not have this attitude are still found to affect the audit judgment they produce. The study found that professional skepticism contributed more to audit judgment than the complexity of the task. This research makes an important contribution to the auditor in producing an audit opinion in accordance with the facts found in the audit process; the auditor needs a proper audit judgment.

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