ANALYSIS OF THE INFLUENCE OF EDUCATION, PROFESSIONALISM, COMPETENCE, AND INDEPENDENCY ON THE QUALITY OF INTERNAL AUDIT RESULTS AND WORK EXPERIENCE AS A MODERATING VARIABLE AT PT BANK NEGARA INDONESIA (PERSERO) TBK REGION MEDAN.

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Abstract: The objective of the research was to find out, analyze, and prove empirically the influence of education, professionalism, competence, and independency on the quality of internal audit results and work experience as a moderating variable at PT Bank Negara Indonesia (Persero) Tbk Region Medan. The population was 48 internal auditor at PT Bank Negara Indonesia (Persero) Tbk Region Medan and 48 of them were used as the samples since they returned the questionnaires, taken by using census technique. The data were analyzed by using multiple linear regression analysis and residual test for moderating variable. The result of the research showed that, partially and simultaneously, there was the influence of education, professionalism, competence, and independency on the quality of internal audit results at PT Bank Negara Indonesia (Persero) Tbk Region Medan. Work experience as a moderating variable proved unable to intent the relationship of education, professionalism, competence, and independency on the quality of internal audit results at PT Bank Negara Indonesia (Persero) Tbk Region Medan.

Keywords: Education, Professionalism, Competence, Independency, Work Experience and Quality of Internal Audit Results.

INTRODUCTION

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations, through a systematic approach, by utilizing and improving corporate governance. Changes in the regulatory and corporate governance environment have significantly changed the expectations and value definitions that many stakeholders place on the internal audit function. New definitions, requirements and standards are emerging, from both internal and external sources, forcing boards and managers to rethink the roles, responsibilities and relationships between governance, risk and compliance activities. These issues are being faced by organizations globally. Hence, there is a
need to set up internal audit and corporate governance functions that are efficient, flexible, and able to support the organizations to address growth, sustainability and other future challenges. Internal auditor play a role in evaluating the sufficiency and effectiveness of internal control by management.

Internal Audit in the field of national banking, specifically regulated by Bank Indonesia. Regulations concerning in the PBI (Bank Indonesia Regulation) No.1/6 /PBI/1999 on the Assignment of Compliance Director and Implementation of Standards for Implementation of Bank Internal Audit Function (SPFAIB). The PBI stipulates the obligation for commercial banks to conduct internal audit activities along with matters that must be met by the management and internal audit unit of commercial banks. The banking world must be able to grow independently and can make a meaningful contribution, synergistically able to achieve optimal performance in carrying out the vision and mission of national banking in supporting the national and regional economic sector.

Function of internal audit in PT Bank Negara Indonesia (Persero) Tbk is performed by Internal Audit Unit (SPI). The Internal Audit Charter is a written document signed by the President Director of BNI and approved by the BNI Board of Commissioners which, among other things, includes the objectives and scope of activities, structure and position, authority, code of ethics, independency, responsibility of SPI and protection law to Leaders and SPI employees. The Internal Audit Charter will be the basis for the implementation of the internal auditor's duties, and will be disseminated to BNI employees and related parties, so as to achieve understanding, understanding and good cooperation in realizing the company's tools and objectives.

With regard to efforts to strengthen the Internal Control Unit of PT Bank Negara Indonesia Tbk and internal control implementation, in 2015 the Compliance Officer has moved from the Compliance Division to the internal auditor of the SPI so that the SPI has a wider range of supervisory functions and assurance. The joining of the Compliance Officer to the internal auditor led to a change in the overall audit performed by the auditor at the Head Office, now performed by the auditor of the region. Area auditors are mostly ex-compliance officers of course have the education, professionalism, competence and independency that is different from the auditors in the Head Office

**MATERIAL AND METHODS**

**Data collecting method**

This research was a survey research that collecting information about the characteristics, actions, opinions of respondent from a population using questionnaires as a tool of data collection and based on explanation level, this research was included in associative research causality, ie research was conducted with the purpose of knowing the causality between two or more. Research location was in all working units within the PT Bank Negara Indonesia Tbk Region Medan.
Population in this research was all Internal auditor at PT Bank Negara Indonesia (Persero), Tbk Medan Region that amounted to 48 (forty eight) people based on the decree of Capital Management Division. The sampling method was by census technique where the entire population has been used as research sample.

Data analysis method

Methods of data analysis used multiple regression analysis. The model of multiple regression equations used to test the first hypothesis was:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

The regression equation model used to test the second hypothesis was:

\[ Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]
\[ |\varepsilon| = \alpha + \beta_5 Y \]

whereas:
- \( Y \): The delayed of budget absorption
- \( X_1 \): Education
- \( X_2 \): Professionalism
- \( X_3 \): Competence
- \( X_4 \): Independence
- \( \alpha \): Constant
- \( \beta_1 \ldots \beta_5 \): Regression coefficient
- \( \varepsilon \): Error
- \( |\varepsilon| \): Absolute error

Hypothesis testing by multiple linear regression analysis would give good result if the regression model fulfilled all the following classical assumptions (1) multicollinearity, performed by analyzing the correlation matrix of independent variables with criteria that the correlation should not be above 0.60; (2) heteroscedasticity, performed by scatterplot graphic; and (3) normality, performed by Kolmogorov-Smirnov test. The accuracy of the sample regression model in estimating the actual value can be measured from the feasibility of the model, including from the coefficient of determination, the F statistic and the statistical value \( t \). The statistical calculation was called statistically significant if the significance value of the test results was in the critical area < 0.05. Conversely, it was not statistically significant if the significance value of the test results lies outside the critical area > 0.05. To test the ability of the moderator variable, the residual test was done with two stages: (1) do regression independent variables to the moderator variable to obtain residual value; (2) regression of dependent variable to absolute residual value with decision criterion if the coefficient value of independent variable had a negative value and significance value of test resulted > 0.05 that variable was
considered as moderator variable, but if coefficient value of dependent variable had a positive value and significance value of test resulted $> 0.05$, the variable was not considered as a moderator variable.

RESULTS

Normality test
One-Sample Kolmogorov-Smirnov test showed that sig value. (2-tailed) $> \alpha$. Thus it can be concluded that residual data is normally distributed.

Multicollinearity test
The result showed that all independent variable correlation coefficients are smaller than the required maximum limit (0.60). This means that there is no multicollinearity among independent variables in the regression model.

Heteroscedasticity test
Glejser test showed that none of independent variable has significant effect on the dependent variable absolute residual value (AbsUt). That is, the regression model has a constant residual variant (homoscedasticity).

Results of the first hypothesis’ test
The results of the first hypothesis’ test were shown in the table below.

<table>
<thead>
<tr>
<th>Variable</th>
<th>coefficient</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constanta</td>
<td>-1.017</td>
<td>0.768</td>
</tr>
<tr>
<td>Pendidikan (X₁)</td>
<td>0.135</td>
<td>0.326</td>
</tr>
<tr>
<td>Profesionalisme (X₂)</td>
<td>0.029</td>
<td>0.813</td>
</tr>
<tr>
<td>Kompetensi (X₃)</td>
<td>0.564</td>
<td>0.000</td>
</tr>
<tr>
<td>Independensi (X₄)</td>
<td>0.536</td>
<td>0.002</td>
</tr>
<tr>
<td>F</td>
<td>60.990</td>
<td>0.000</td>
</tr>
<tr>
<td>R</td>
<td>0.922</td>
<td></td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.836</td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable : kualitas hasil audit internal (Y)

Coefficient of determination (Adjusted $R^2$)
The test results showed that the coefficient value of determination - adjusted $R^2$ - equal to 0.922. This means that 92.2% of variations in quality of internal audit result could be explained by education, professionalism, competence, and independency variables simultaneously. The remaining 7.8% was explained by other variables not included in the regression model.

Statistic F test (Simultaneous test)
The result of F statistic test had a significance value of 0.000 smaller than $\alpha = 5\%$ means that the variables education, professionalism, competence, and independency effecte simultaneously in the quality of internal audit result. (H₁ accepted).

Statistic t test (Partial test)
The result of the statistical test \( t \) in table showed that from the four independent variables included in the regression model, education and professionalism partially had no effect in the quality of internal audit result, while the variables of competence and independency have significant effect on quality of internal audit result.

**Results of the second hypothesis’ test**

Residual test results

The first stage, regressed the independent variables to the moderator variable to obtain the residual value which was absolute and then do the regression of the dependent variable to the residual absolute value. The regression result produced regression model as follows:

\[
|\varepsilon| = -4.055 + 0.110 Y
\]

Result of the second hypothesis’ test showed that work experience was not considered as a moderator variable in this study.

**DISCUSSION**

The result of the research proved that the variable of education, professionalism, competence, and independency had a significant effect to the variable of Quality of Internal Audit Result in PT Bank Negara Indonesia Medan simultaneously. Partially, competence and independency had a significant effect on the quality of internal audit result, while education and professionalism did not. The work experience was not able to moderate the relationship of independent variables with the quality of internal audit result.

**The effect of education to the quality of the result of internal audit.**

Partial test results show that education has a positive and insignificant effect on the quality of internal audit results. Positive influence indicates that education is in line with the quality of internal audit results, where the increase of education will also increase the quality of internal audit results, as well as the decrease in education will decrease the quality of internal audit results. Influence is not significant indicates that education still does not have an important role in improving the quality of internal audit results. The results of this study in accordance with research Batubara (2008) which states that education will have a positive effect on improving the quality of audits in line with increased expertise and audit skills obtained from the knowledge held. The result of research stated that education has no significant effect to audit quality. In this case the Internal auditor assume that the level of formal education and educational background in college is not so influential on their expertise in producing quality audit reports. Training in audit, audit practices and work experience that shapes the expertise of Internal auditor to find fault and produce audit reports that provide improvements to the object being examined.

**The effect of professionalism to the quality of the result of internal audit.**
Partial test results indicate that professionalism has a positive and insignificant effect on the quality of internal audit results. Positive influence indicates that professionalism is in line with the quality of internal audit result, where the increasing of professionalism will increase also the quality of result of internal audit, and also the decreasing of professionalism hence will decrease also quality of result of internal audit. Influence does not show significant that professionalism has not played an important role in improving the quality of internal audit results.
The result of this research is in line with Hendro and Aida (2006) research which stated that professionalism has no significant effect on audit quality because professionalism attitude has an effect on giving significant change to audit quality. The most influential thing in professionalism is its competence. The results of this study states that professionalism has no significant effect on audit quality. In this case the auditor assumes that the dedication to the profession has not been in line with the auditee response to the audit results so there are still auditors who have not run professional sceptism is the attitude of auditors who think critically of audit evidence by always questioning and evaluating audit evidence.

**The effect of competence to the quality of the result of internal audit.**
Partial test results show that the competence has a positive and significant effect on the quality of internal audit results. Positive influence indicates that the competency is in line with the quality of internal audit result, where the increasing of competence will also increase the quality of the result of internal audit, and also the decreasing of competence will decrease also the quality of the result of internal audit. Significant influence shows that competence has an important role in improving the quality of internal audit results. The results of this study in line with the study Alim et al (2007) which states that competence has a significant effect on audit quality. This means that audit quality can be achieved if the auditor has a good competence where the competence consists of experience and knowledge.

**The effect of independency to the quality of the result of internal audit.**
Partial test results show that the independency of positive and significant effect on the quality of the internal audit results. The positive effects indicate that the independency in line with the quality of the internal audit, where the increasing independency it will increase also the quality of the internal audit, as well as reverse the declining independency will decrease also the quality of the internal audit. Significant influence shows that independency still has an important role in improving the quality of internal audit.
The result of this research is in line with research of Tarigan (2011) that auditor independency has a significant effect on the quality of inspection result in Inspectorate of North Sumatera Province because auditor having good independency will not experience any pressure from any party in presenting audit report in accordance with fact and can give improvement at the company.
The effect of education, professionalism, competence, and independency to the quality of the result of internal audit.

The results of hypothesis testing simultaneously show that the variables of education, professionalism, competence, and independency together have a significant effect on the quality of internal audit results. This can be seen in Table 5.23 where the significant value is 0,000 smaller than $\alpha = 0.05$ ($0.000 < \alpha = 0.05$).

The effect of work experience as a moderator to the quality of the result of internal audit.

Work experience is the level of mastery of the knowledge and skills of a person in the work that can be measured by length of service and level of knowledge and skills they have. Internal auditor are required to provide the audit reports with good quality and provide improvements to the object being examined. Work experience auditor will give a positive effect on knowledge, professionalism, competence and independency so that it will affect the quality of the result of internal audit. Increased knowledge arising from the addition of formal training as good as that obtained from work experience in order to qualify as a professional.

CONCLUSION

The results of the study and discussion provided the following conclusions:

1. Education, professionalism, competence and independency simultaneously effect the variable quality of internal audit results.
2. Competence and independency partially significantly effect the Quality of Internal Audit Results.
3. Education and professionalism does not significantly effect the Quality of Internal Audit Results due to differences in competence and professionalism of Internal auditor with central office auditors. This is because Internal auditor are ex internal controls located in the branches and regions of BNI so that their education is diverse and not optimal with the central office auditors who are on average are graduates of economics-accounting and had received adequate audit training.
4. Work Experience was not able to moderate the relationship of education, professionalism, competence and independency with the quality of internal audit results because it has a positive parameter value and significant.

REFERENCES


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