

The Effect of Audit Structure, Independence, Compensation, and Auditor Understanding of Good Governance on Performance at the Inspectorate of Riau Province

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ABSTRACT

The aim of this research is to determine the influence of audit structure, independence, compensation and understanding of Good Governance on the performance of auditors at the Riau Province Inspectorate. The research method used in this research is a quantitative method. The population of this study consists of auditors who work at the Riau Province Inspectorate. The sampling technique in this research uses census technique, namely a sampling technique using all members of the population as samples. The data source used in this research is primary data obtained directly from statements (questionnaires) distributed to respondents. Data analysis in this study used multiple linear regression, which was carried out using the Statistical Product and Service Solutions computer program version 29. The results of this study show that audit structure, independence, compensation and understanding of good governance influence auditor performance. The research results simultaneously show that audit structure, independence, compensation, and understanding of good governance influence the performance of auditors at the Riau Province Inspectorate.

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INTRODUCTION

The performance of government auditors is in the spotlight as corruption cases in Indonesia increase. The government is trying to improve governance to achieve clean government. Performance is measured based on the results of task implementation in a certain period. The internal auditor of the regional government is tasked with examining financial reports before they are submitted to the Audit Board. The Provincial Inspectorate is responsible to the Governor in this process.

Auditor Gilang Gumilar was sentenced to 5 years in prison for involvement in a bribery of IDR 2.9 billion, proven to have committed a criminal act of corruption in the Makassar District Court verdict on May 3, 2023. This trial also involved three other BPK RI auditors: Wahid Ikhsan Wahyuddin, Yohannes Binur Haryanto Manik, and Andi Sonny. They were charged with accepting bribes from contractors while Nurdin Abdullah was the Governor of South Sulawesi. The total bribery reached IDR 2.9 billion, with allegations related to the examination of the 2020 Regional Government Financial Report.

In Riau Province, five auditors at the Inspectorate were sanctioned for being proven to have received gratification when auditing BUMD finances in 2021. The Head of the Riau BKD, Ikhwan Ridwan, revealed that the process of enforcing the sanctions, in the form of a one-level demotion, was ongoing and coordination with the Riau Provincial Secretariat Legal Bureau was being carried out. The identities of the five auditors were not disclosed to maintain the ASN code of ethics. Still in Riau Province, the Audit Board of Indonesia (BPK) found regional losses of IDR 92 billion that had not been followed up by the Provincial Government. Until the second semester of 2022, there were 1,305 cases worth more than IDR 199 billion that needed to be followed up, of which 53 percent had been handled. The Inspectorate was urged by the Governor of Riau to expedite the follow-up process on these findings.

Many auditors have not carried out their duties according to the rules, as seen from their low independence and performance in handling fraud and gratification. Many findings that should have been followed by the Riau Inspectorate auditors have not been resolved. Therefore, the performance of auditors at the Riau Provincial Inspectorate office needs to be evaluated, taking into account factors such as audit structure, independence, understanding of good governance, and compensation.

The performance of internal auditors reflects the results of the auditor's work in carrying out their duties and is an indicator of how well the work is done (Geofanny & Yuni, 2021). This performance is measured based on the results of activities that support organizational goals, with indicators such as quality, quantity, cost effectiveness, as well as auditor supervision and interaction (Sumarman, 2022). Auditor performance is also the result of carrying out audit tasks within a certain time (Ngorantutul, 2019 in Novianti, 2023).

Many factors affect auditor performance, one of which is the audit structure, which consists of steps or procedures that make it easier for auditors to carry out audit activities. The implementation of an audit structure can improve the effectiveness, efficiency, and overall performance of auditors. This structure is designed to ensure that audit activities can be achieved properly. Research by (Aurani & Ariani, 2022), (Erawati & Sada, 2020), (Romli & Hendaris, 2019), and (Putra & Putra, 2021) shows that there is a significant influence between audit structure and auditor performance. This is different from

research conducted by (Sayuti, 2023) which shows that the audit structure has no effect on auditor performance.

Independence is an important factor that affects auditor performance. According to Lasano & Kusuma (2023), independence reflects the auditor's attitude that is not influenced by external factors. Auditor independence affects the quality of the reports produced and includes honesty in assessment and the ability to provide opinions objectively without bias (Novianti, 2023). Research conducted by (Hasmi & Sarina, 2023), (Rahmadhanti & Zenita, 2023), (Novianti, 2023) and (Lasano & Kusuma, 2023) shows that the independence variable has an effect on auditor performance, while research by (Fachruddin & Rangkuti, 2019) and (Sahana, 2020) said that independence has no effect on auditor performance.

Compensation is an important factor that affects auditor performance, in the form of a reward from the company to employees for the services provided, either in the form of money or goods. Providing fair compensation, such as salary, benefits, or bonuses, can improve the performance of internal auditors (Leemann et al., 2023). Compensation includes financial and non-financial rewards given for work done and is important for employees and companies (Anam & Satyawan, 2024). Research by (Anam & Satyawan, 2024) states that compensation has an effect on auditor performance, while research conducted by (Leemann et al., 2023) shows that compensation does not affect auditor performance.

The last factor that influences auditor performance is an understanding of good governance, which is good governance based on professional ethics. This understanding is important for regulating the relationships and interests of various parties in business and public services (Marsela, 2023). According to Leemann et al. (2023), this understanding can improve auditor performance, so auditors need to understand and implement the basic principles of Good Governance in their institutions. Research conducted by (Farahdiba & Cahyaningsih, 2020) and (Marsella, 2023) states that understanding Good Governance has an impact on auditor performance, while research by (Sari, 2023) shows that understanding Good Governance does not affect auditor performance.

Due to the many phenomena and differences in results from previous research, researchers are interested in carrying out this research with the aim of finding out whether audit structure, independence, compensation and understanding of good governance influence the performance of auditors at the Riau Province Inspectorate partially or simultaneously.

METHODOLOGY

In this study, the researcher used quantitative research. In this study, the type of data used by the researcher is primary data. The dependent variable is auditor performance (Y), while the audit structure (X₁), independence (X₂), compensation (X₃), understanding of Good Governance (X₄) are independent variables. In this study, the researcher chose auditors who work at the inspectorate as the population and sample. The method used for sample selection is the census method, which uses the entire population as a sample. The data collection technique uses a questionnaire that is given a value of 1-5 with a range (strongly agree-agree-neutral-disagree-strongly disagree). The data analysis technique uses multiple linear regression analysis.

RESULTS AND DISCUSSION

Descriptive Statistical Test Results

Table 1. Results of Descriptive Statistical Tests

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Structure	55	15	30	25.25	4.106
Independence	55	8	20	16.75	2,882
Compensation	55	30	55	45.38	6,533
Understanding Good Governance	55	28	50	42.60	5,573
Auditor Performance	55	25	45	37.76	5.312
Valid N (listwise)	55				

Source: SPSS Processed Data, 2024

Data Quality Test Results

Data Validity Test Results

Results of the Validity Test of Auditor Performance Variable Data (Y)

Table 2. Results of Auditor Performance Validity Test (Y)

Statement Item Number	r_{value}	r_{table}	Information
1	0.567	0.361	Valid
2	0.511	0.361	Valid
3	0.618	0.361	Valid
4	0.465	0.361	Valid
5	0.381	0.361	Valid
6	0.568	0.361	Valid
7	0.366	0.361	Valid
8	0.600	0.361	Valid
9	0.398	0.361	Valid

Source: SPSS processed data, 2024

Data from table 2 shows that all 9 statement items for the auditor performance variable have a calculated $r_{value} > r_{table}$, so it can be concluded that all items are valid and suitable for use as measuring tools in further data analysis.

Results of the Validity Test of Audit Structure Variable Data (X1)

Table 3. Results of Audit Structure Validity Test (X1)

Statement Item Number	r_{value}	r_{tabel}	Information
1	0.412	0.361	Valid
2	0.571	0.361	Valid

3	0.635	0.361	Valid
4	0.553	0.361	Valid
5	0.693	0.361	Valid
6	0.450	0.361	Valid

Source: SPSS processed data, 2024

Data from table 3 shows that all 6 statement items for the audit structure variable have a calculated $r_{value} > r_{table}$, so that all items are declared valid and suitable for use as measuring instruments in further data analysis.

Results of the Validity Test of Independent Variable Data (X2)

Table 4. Results of Independence Validity Test (X2)

Statement Item Number	r_{value}	r_{table}	Information
1	0.643	0.361	Valid
2	0.811	0.361	Valid
3	0.799	0.361	Valid
4	0.629	0.361	Valid

Source: SPSS processed data, 2024

Data from table 4. shows that all 4 statement items for the independence variable have r_{count} value $> r_{table}$. Therefore, all items are declared valid and suitable for use as measuring instruments in further data analysis.

Compensation Variable Data Validity Test Results (X3)

Table 5. Compensation Validity Test Results (X3)

Statement Item Number	r_{value}	r_{table}	Information
1	0.468	0.361	Valid
2	0.384	0.361	Valid
3	0.576	0.361	Valid
4	0.576	0.361	Valid
5	0.545	0.361	Valid
6	0.574	0.361	Valid
7	0.602	0.361	Valid
8	0.492	0.361	Valid
9	0.578	0.361	Valid
10	0.570	0.361	Valid
11	0.507	0.361	Valid

Source: SPSS processed data, 2024

Data from table 5. shows that all 11 statement items for the compensation variable have a value of $r_{count} > r_{table}$. Therefore, all items are declared valid and suitable for use as measuring instruments in further data analysis.

Results of the Data Validity Test for the Good Governance Understanding Variable (X4)

Table 6. Results of the Validity Test of Understanding Good Governance (X4)

Statement Item Number	r_{value}	r_{tabel}	Information
1	0.465	0.361	Valid
2	0.424	0.361	Valid
3	0.459	0.361	Valid
4	0.729	0.361	Valid
5	0.570	0.361	Valid
6	0.424	0.361	Valid
7	0.497	0.361	Valid
8	0.474	0.361	Valid
9	0.449	0.361	Valid
10	0.444	0.361	Valid

Source: SPSS processed data, 2024

Data from table 6. shows that all 10 statement items for the Good Governance understanding variable have a value of $r_{count} > r_{table}$. Thus, all items are declared valid and suitable for use as measuring instruments in further data analysis.

Data Reliability Test Results

Table 7. Reliability Test Results

No	Variables	Cronbach's alpha	Critical Value	Information
1.	Auditor Performance (Y)	0.799	0.70	Reliable
2.	Audit Structure (X1)	0.795	0.70	Reliable
3.	Independence (X2)	0.866	0.70	Reliable
4.	Compensation (X3)	0.847	0.70	Reliable
5.	Understanding Good Governance (X4)	0.810	0.70	Reliable

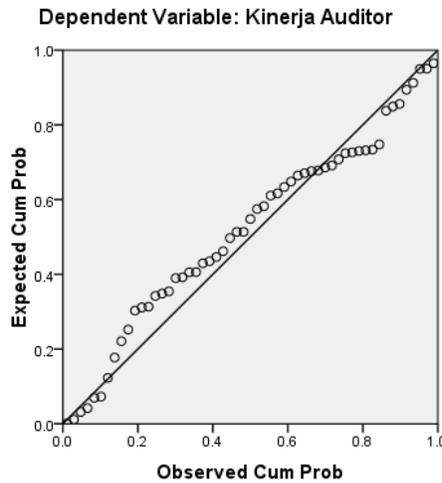
Source: SPSS processed data, 2024

Based on Table 7, the Cronbach's alpha value for the auditor performance variable is 0.799, audit structure 0.795, independence 0.866, compensation 0.847, and understanding of Good Governance 0.810. All variables have a Cronbach's alpha value > 0.70 , so it can be concluded that the valid statement items are reliable and further data analysis can be carried out.

Classical Assumption Test Results
Data Normality Test Results

Figure 1. Data Normality Test Results

Normal P-P Plot of Regression Standardized Residual



Source: SPSS processed data, 2024

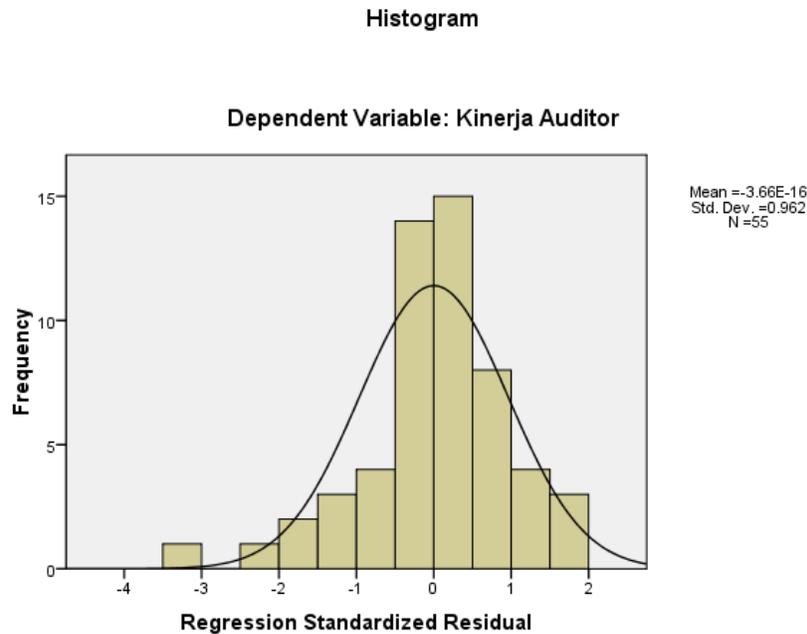
Table 8. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		55
Normal Parameters	Mean	.0000000
	Std. Deviation	2.82893354
Most Extreme Differences	Absolute	.114
	Positive	.099
	Negative	-.114
Kolmogorov-Smirnov Z		.845
Asymp. Sig. (2-tailed)		.473
a. Test distribution is Normal.		

Source: SPSS processed data, 2024

The results of the normality test using the one sample Kolmogorov-Smirnov statistical test, as seen in table 8, show a statistical value of 10.845 with a significance of 0.200. Because the significance value is > 0.05 , both dependent and independent variables have normally distributed residual data.

Figure 2. Histogram of Normality Test



Source: SPSS processed data, 2024

The results of the normality test using the histogram in Figure 2 above can be seen that the residuals are normally distributed and symmetrical, not deviating to the right or left.

Multicollinearity Test Results

Table 9. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Audit Structure	.589	1,698
Independence	.641	1,559
Compensation	.664	1,505
Understanding Good Governance	.641	1,559

Source: SPSS Processed Data, 2024

Based on table 9, the results of the multicollinearity test show that there are no independent variables with a tolerance value <0.10 or a Variance Inflation Factor (VIF) value >10. Thus, it can be concluded that there are no symptoms of multicollinearity between the independent variables in this regression model.

Heteroscedasticity Test Results

Table 10. Heteroscedasticity Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7,607	2.022		3,762	.000
Audit Structure	-.124	.072	-.273	-1,726	.091
Independence	.089	.098	.138	.912	.366
Compensation	-.134	.043	-.469	-1,551	.073
Understanding Good Governance	.052	.051	.155	1,024	.311

a. Dependent Variable: Abresid

Source: SPSS Processed Data, 2024

Based on table 10, the results of the heteroscedasticity test using the Glejser test show the significance value of the audit structure variable 0.091, independence 0.366, compensation 0.73, and understanding of Good Governance 0.311, all > 0.05. Therefore, it can be concluded that in this regression model there is no symptom of heteroscedasticity.

Multiple Linear Regression Analysis

Table 11. Multiple Linear Regression Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.108	3,572		.030	.976
Audit Structure	.504	.127	.389	3,967	.000
Independence	.414	.173	.225	2,391	.021
Compensation	.156	.075	.192	2,083	.042
Understanding Good Governance	.256	.090	.268	2,853	.006

a. Dependent Variable: Auditor Performance

Source: SPSS Processed Data, 2024

From table 11, the results of the multiple linear regression analysis above can be explained in the following regression equation:

$$Y = 0.108 + 0.504X_1 + 0.414X_2 + 0.156X_3 + 0.256X_4 + e \quad (1)$$

Hypothesis Test Results
Partial Test Results (T-Test)

Table 12. Partial Hypothesis Test Results (t-Statistic Test)

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.108	3,572		.030	.976
Audit Structure	.504	.127	.389	3.967	.000
Independence	.414	.173	.225	2,391	.021
Compensation	.156	.075	.192	2,083	.042
Understanding Good Governance	.256	.090	.268	2,853	.006

a. Dependent Variable: Auditor Performance

Source: SPSS Processed Data, 2024

Based on Table 12, t count (3.967) > t table (2.008) with a significance value of t (0.000) < 0.05. These results indicate that the audit structure has a significant effect on auditor performance at the Riau Provincial Inspectorate, so H1 is accepted.

Based on Table 12, t count (2.391) > t table (2.008) with a significance value of t (0.021) < 0.05. These results indicate that independence has a significant effect on auditor performance at the Riau Provincial Inspectorate, so H2 is accepted.

Based on Table 12, t count (2.083) > t table (2.008) with a significance value of t (0.042) < 0.05. These results indicate that compensation has a significant effect on auditor performance at the Riau Provincial Inspectorate, so H3 is accepted.

Based on Table 12, t count (2.853) > t table (2.008) with a significance value of t (0.006) < 0.05. These results indicate that understanding Good Governance has a significant effect on auditor performance at the Riau Provincial Inspectorate, so H4 is accepted.

F Test Results (Simultaneous)

Table 13. Simultaneous test results (F test)

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1091.773	4	272,943	31,579	.000a
Residual	432.155	50	8,643		
Total	1523.927	54			

a. Predictors: (Constant), Understanding of Good Governance, Compensation, Independence, Audit Structure

b. Dependent Variable: Auditor Performance

Source: SPSS Processed Data, 2024

In table 13. the results of the probability F-statistics significant value of $0.000 < 0.05$, meaning that Audit Structure, Independence, Compensation, Understanding of Good Governance simultaneously have a significant influence on Auditor Performance at the Riau Provincial Inspectorate, which means that H5 is accepted.

Results of Determination Coefficient Test

Table 14. Results of the Determination Coefficient Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.846a	.716	.694	2,940

a. Predictors: (Constant), Understanding of Good Governance, Compensation, Independence, Audit Structure

Source: SPSS Processed Data, 2024

Based on table 14., the Adjusted R value of 0.694 shows that 69.4% of the variation in auditor performance can be explained by the variables of audit structure, independence, compensation, and understanding of good governance. The remaining 30.6% is influenced by other variables outside this study.

Discussion

Based on the statistical analysis in this study, the results obtained show that the significance value shows significant results so that it can be concluded that the audit structure has an effect on auditor performance at the Riau Provincial Inspectorate, which means that H1 is accepted. The results of this study are in line with the research conducted (Erawati & Sada, 2020) which states that the audit structure influences auditor performance, where the use of an audit structure by an auditor when carrying out his duties indicates that the auditor can carry out his functions more effectively with the support of an efficient audit structure.

Based on the statistical analysis in this study, the results obtained show that the significance value shows significant results so that it can be concluded that independence has an effect on auditor performance at the Riau Provincial Inspectorate, which means that H2 is accepted. The results of this study are in line with research conducted by (Rahmadhanti & Zenita, 2023) which states that independence affects auditor performance. The more independent the auditor is, the better the performance will be.

Based on the statistical analysis in this study, the results obtained show that the significance value shows significant results so that it can be concluded that compensation has an effect on auditor performance at the Riau Provincial Inspectorate, which means that H3 is accepted. The results of this study are in line with research conducted by (Anam & Satyawan, 2024) which states that compensation affects auditor performance. By providing appropriate compensation to auditors, it will encourage them to implement their audit functions well.

Based on the statistical analysis in this study, the results obtained show that the significance value shows significant results so that it can be concluded that understanding Good Governance has an effect on auditor performance at the Riau Provincial Inspectorate, which means that H4 is accepted. The results of this study are in line with research conducted by (Farahdiba & Cahyaningsih, 2020) which states that understanding Good Governance affects auditor performance. Auditors who have a good and correct understanding of Good Governance will demonstrate positive work attitudes and behaviors, so that commitment in carrying out their audit tasks will be focused on better work results which can then contribute to improving performance.

The results of the simultaneous test show that Audit Structure, Independence, Compensation, Understanding of Good Governance have a significant influence on Auditor Performance at the Riau Provincial Inspectorate, which means that H5 is accepted. Which means that good implementation of the audit structure, high independence, compensation, and high understanding of Good Governance can affect auditor performance to be better.

CONCLUSION

Based on the research results, it can be concluded that Audit structure, independence, compensation, and understanding of Good Governance have a significant effect on the performance of auditors of the Riau Provincial Inspectorate. The use of a good audit structure, a high level of independence, appropriate compensation, and effective implementation of Good Governance all improve auditor performance. Simultaneously, these factors support each other to improve auditor performance.

Suggestion for further researchers, it is expected that researchers can add several new variables. It is recommended to use different populations and samples in order to obtain conclusions that support generally accepted theories and concepts and further research should not only use questionnaires in collecting data, but also be accompanied by interviews with respondents and researchers are advised to create a mature strategy so that the questionnaires distributed are not rejected and not returned by respondents.

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