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The Effect of Competence, Due Professional Care, Independence and Compliance to Auditor's Code of Conduct on the Review Quality of the Ministry's Budget Plan in the Inspectorate General

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ABSTRACT

This study aims to examine the influence of competence, due professional care, independence and compliance to auditor's code of conduct to the review quality of the ministry's budget plan in the Inspectorate General of the Ministry of Finance. Model of analysis used is multiple linear regression. This analysis is based on the results of the questionnaire of 43 respondents. Competence and compliance on auditor's code of conduct have positive impact on review quality of the ministry's budget plan. Due professional care and independence have negative impact on review quality of the ministry's budget plan.

Keywords: Competence; compliance to auditor's code of conduct; due professional care; independence, review quality of the ministry's budget plan.

1. INTRODUCTION

1.1. Background

The background of the review of the ministry's budget plan originated from the Workshop of the Government Internal Supervisory Apparatus of the State Ministry/Institution. At the event, the Vice President of the Republic of Indonesia directed government internal auditor not only focus on ex post activities, but also support agency performance. This means government internal auditor should have a role started from the budget planning stage. In line with that direction, on May 31, 2012 the role of government internal auditor was confirmed by the issuance of the circular letter of the Minister of Administrative and Bureaucratic Reform Number 7 of 2012 regarding The Strengthening Supervision in order to Saving Government Goods and Personnel Expenditure. Based on that letter, the chief of the state ministries/

agency should assign internal auditor to improve its supervision in the preparation of the ministry's budget plan.

The legal basis for review of the ministry's budget plan is regulated in article 5 paragraph (1) and article 12 paragraph (3) of Regulation of the Minister of Finance Number 94/PMK.02/2013 regarding The Guidelines for Formulation and Review of the ministry's budget plan as amended by Regulation of the Minister of Finance Number 194/PMK.02/2013, and Regulation of the Minister of Finance Number 136/PMK.02/2014. Thus, starting in 2013, government internal auditor has had an additional role to review the ministry's budget plan from planning and budgeting stage. In the previous years, the role of government internal auditor was only in budget implementation through audit, monitoring and evaluation, and review of state ministries/agency financial report. In the year 2014 has been amended Regulation of the Minister of Finance Number 194/PMK.02/2013 with the issuance of regulation Regulation of the Minister of Finance Number 136/PMK.02/2014 regarding The Guidelines for Formulation and Review of the ministry's budget plan.

The difference of this study, with the one had been undertaken by Lubis (2009) and Dewi (2014), is the measurement of independent and dependent variable. Independent and dependent variables, used in this study, are additional and adjusted variable that are not previously employed as indicators in the Lubis (2009) and Dewi (2014)'s study.

Table 1.1
The Differences Between Current Study and Lubis (2009) and Dewi (2014)

<i>Differences</i>	<i>Researcher</i>		
	<i>Current Study (2015)</i>	<i>Lubis (2009)</i>	<i>Dewi (2014)</i>
Independent Variable	Attribute Standards (competence, due professional care, independence, and compliance to auditor's code of conduct) based on The Standard of Indonesian Government Internal Auditing published by The Association of Indonesian Government Internal Auditor on 24 April 2014.	General Standards (expertise, independence, due professional care, and compliance to auditor's code of conduct) based on the Regulation of the Minister of Administrative and Bureaucratic Reform Number PER/05/M.PAN/03/2008 regarding The Government Internal Supervisory Apparatus Auditing Standard.	
Dependent Variable	The review quality of the ministry's budget plan	The quality of auditor	The Quality of Risk-based audit
Study Sites	Inspectorate General Ministry of Finance	Inspectorate of North Sumatra Province	Inspectorate General Ministry of Public Works

1.2. Problem Formulation

The formulation of problem in this study are as follows:

1. Does competence have positive influence on the review quality of the ministry's budget plan?
2. Does due professional care have positive influence on the review quality of the ministry's budget plan?
3. Does independence have positive influence on the review quality of the ministry's budget plan?

4. Does compliance to auditor code of conduct have positive influence the review quality of the ministry's budget plan?

1.3. The Study Objectives

The study objectives are as follows:

1. To Know whether there is a positive influence of auditor competence the review quality of the ministry's budget plan.
2. To know whether there is a positive influence of auditor due professional care on the review quality of the ministry's budget plan.
3. To know whether there is a positive influence of auditor independence on the review quality of the ministry's budget plan.
4. To know whether there is a positive effect of auditor's compliance to code of conduct on the review quality of the ministry's budget plan.

2. LITERATURE REVIEW

2.1. Internal Audit

According to The Institute of Internal Auditors (2012), internal audit is defined as a department/unit/division that provides assurance or consulting objectively and independently, to enhance value. The scope of internal audit arranged by The Standard of Indonesian Government Internal Auditing consists of quality assurance and consulting (other supervisory activities). Based on The Standard of Indonesian Government Internal Auditing, internal audits in the form of assurance activities include audit, monitoring, evaluation, and review.

2.2. Review Quality of The Ministry's Budget Plan

According to the Indonesian Government Internal Auditors Association (2014b), the review is an analysis the evidence of a certain activity to ensure that activities have been carried out in accordance with predetermined standards, plans or conditions. According to Attachment III of Regulation of the Minister of Finance Number 136/PMK.02/2014, the definition of the review of ministry's budget plan is analysis the preparation of annual financial plan documents in the form of ministry's budget plan by competent Government Internal Supervisory Apparatus auditors, to provide limited assurance that ministry's budget plan has been compiled in line with budget that has been approved by minister of finance, government and parliament agreement, standard cost and other government regulations. This review will enhance the quality ministry's budget plan.

2.2. Auditor Competence

Arens, Elder, and Beasley (2014) define competence as the knowledge and skills required to complete a particular engagement. Standard 2010 to 2013 The Standard of Indonesian Government Internal Auditing

(The Association of Indonesian Government Internal Auditors, 2014b) has determined that internal audits should be undertaken with the following competencies:

1. Auditors must have expertness, skills, education, knowledge, experience, and other competencies required to carry out the task,
2. Standard competencies of Auditor (general competence, internal audit technical competence, and cumulative competence),
3. Auditors must have necessary formal education,
4. Auditors must have certification of auditor and/or other certification in the field of government internal control.

2.4. Due Professional Care

According to Tugiman (1997), auditor must perform due professional care (thoroughness) in conducting the audit. Due professional care requires the competent and prudent auditors to apply its skills thoroughly. Based on the Association of Indonesian Government Internal Auditors (2014b) Standard 2020, the assignment of internal audit is conducted with professional precision. The auditor should apply his professional skill thoroughly and carefully (due professional care) and with caution when carrying out the assignment.

2.5. Auditor Independence

Arens, Elder, and Beasley (2014) define independence as unbiased in performing audit that includes testing, evaluation of test result and audit reporting. Independence includes independence in fact and independence in appearance.

2.6. Compliance with the Auditor's Code of Conduct

According to Arens, Elder, and Beasley (2014), ethics is a set of moral or principle values. In addition, The Association of Indonesian Government Internal Auditors (2014b), Standard 1200 defines that the auditor must comply with the agreed and determined code of ethics.

2.7. The Review Quality of The Ministry's Budget Plan

In accordance with the ministry's budget plan guideline (Attachment III of Regulation of the Minister of Finance Number 136/PMK.02/2014), the implementation review quality of the ministry's budget plan is through 3 stages/standards ie the planning, implementation and reporting results review of the ministry's budget plan.

3. STUDY METHODOLOGY

The study methodology used is quantitative method. This research uses multiple linear regression analysis, using SPSS software. Multiple regression analysis is employed to test the effect of independent variables to dependent variable with interval measurement scale. In addition, qualitative analysis is also performed through interviews, to get better understanding of the factors affecting on the review quality of the ministry's budget plan.

3.1. Conceptual Framework

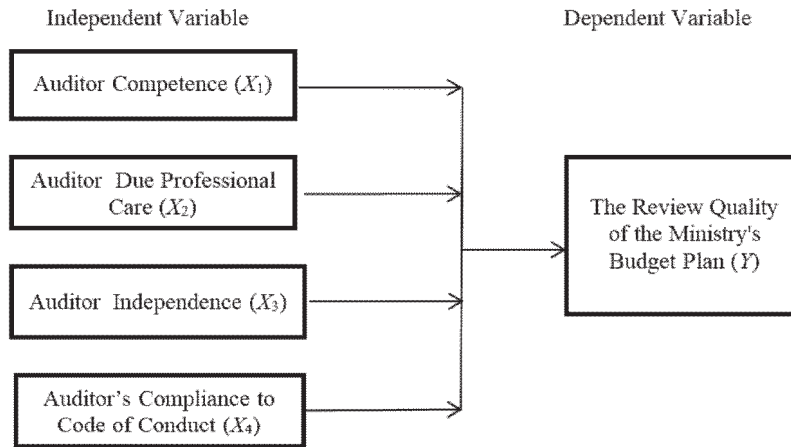


Illustration 3.1: Study Framework

3.2. Hypothesis

Based on some previous studies, hypothesis for this study are as follows:

H₁: Auditor' competence has positive influence on the review quality of the ministry's budget plan.

H₂: Auditor's professional accuracy has positive influence on the review quality of the ministry's budget plan.

H₃: Auditor's independence has positive influence on the review quality of the ministry's budget plan;

H₄: Auditor compliance with auditor's code of conduct has positive influence on the review quality of the ministry's budget plan.

3.3. Regression Equation Model

The description of research model can be expressed in the regression equation as follows:

$$\text{Qual} = \alpha_0 + \beta_1 \text{Comp} + \beta_2 \text{Due Prof} + \beta_3 \text{Indep} + \beta_4 \text{Code Cond} + e \quad (3.1)$$

where,

Qual = the review quality of the ministry's budget plan

α_0 = Constant Value

β_1 = Regression coefficient of Auditor Competence

β_2 = Regression coefficient of Auditor Due Professional Care

β_3 = Regression coefficient of Auditor Independence

β_4 = Regression coefficient of Compliance with Auditor's Code of Conduct

Comp = Auditor' Competence

Due Prof = Auditor' Professional Accuracy

Indep = Auditor' Independence

$$\text{Code Cond} = \text{Auditor' Compliance with auditor's code of conduct}$$

$$e = \text{Error term}$$

3.4. Data Analysis Techniques

Data analysis techniques performed in this study are data quality test, classical assumption test, difference test, and hypothesis testing.

1. Data quality test is performed through reliability test and validity test. The purpose of data quality test is to ensure that the questionnaire is reliable data collection tool and to know the level of its validity as a measuring tool;
2. Classical assumption test includes normality test, heteroscedasticity, and multicollinearity. Ghozali (2013) stated that the normality test is used to test whether in the regression model, the disruptive variable or residual variable has a normal distribution or not. According Ghozali (2013) multicollinearity test is employed to assess the correlation between independent variables within regression model. The fits regression could be created if there were no correlation between its independent variable. Furthermore, the heteroscedasticity test, according to Ghozali (2013), is conducted to identify variances from residual in an observation with other observation.
3. According Pallant (2005) difference test is defined as the comparison of two demography condition of respondent using data variable in nominal, ordinal, and interval scale.
4. Lind, Marchal, and Wathen (2011) stated hypothesis testing is a procedure based on sample data (evidence) and probability theory to determine whether a hypothesis is a reasonable statement. This study uses multiple regression, F test and T test.

3.5. Operationalization of Variables

Table 3.1
Research Variables

<i>Variable</i> (1)	<i>Dimension</i> (2)	<i>Indicator</i> (3)	<i>Sources</i> (5)
Auditor Competence (X ₁)	Competence within the Auditor	1. The Chairman of the Inspectorate General believes that the auditor possesses sufficient quality supporting review of ministry's budget plan, namely: (a) educational background, (b) competence, (c) experience.	The Standard of Indonesian Government Internal Auditing
		2. Auditor as a reviewer of ministry's budget plan, owns basic competence of review	Regulation of the Minister of Finance Number 136/PMK.02/2014.
		3. Auditor, as a reviewer of the ministry's budget plan has planning and budgeting knowledge supporting review of ministry's budget plan engagement.	Regulation of the Minister of Finance Number 136/PMK.02/2014.
	Auditor's Educational Background	4. The Inspectorate General does not possess certain criteria for the auditor formal education qualifications required to carry out the review of ministry's budget plan	The Standard of Indonesian Government Internal Auditing

<i>Variable</i> (1)	<i>Dimension</i> (2)	<i>Indicator</i> (3)	<i>Sources</i> (5)
	Role Certification and Ongoing Education and Training	5. The auditor has been certified of his or her role as an auditor or other certification in the field of government internal audit. 6. The auditor does not receive sufficient education and training related to the review of ministry's budget plan engagement.	The Standard of Indonesian Government Internal Auditing The Standard of Indonesian Government Internal Auditing
Auditor Due Professional Care (X_2)	Auditor Due Professional Care Implementation Due Professional Care consideration in maintaining relationship with auditee <i>Auditor Professional Skepticism</i>	1. In reviewing ministry's budget plan the auditor uses professional skill carefully and thoroughly (prudent). 2. The auditor does not consider the expectations and needs of the auditee, including the nature of his work, timing and communicates the results. 3. Auditor's professional skepticism is applied in attitudes and thoughts, critically questioning auditee and conducting evidence testing.	1. The Standard of Indonesian Government Internal Auditing, 2. Tugiman (1997). 1. The Standard of Indonesian Government Internal Auditing 2. Tugiman (1997). 1. The Standard of Indonesian Government Internal Auditing 2. Mulyadi (2002).
Auditor Independence (X_3)	Independence in appearance Position of Inspectorate General	1. The auditor should not accept an audit engagement if he/she has family, relative or social relationship with the auditee. 2. The auditor should not accept audit engagement if he or she has interest in the auditee 3. The auditor shouldn't accept accommodation facility and entertainment given by auditee. 4. The position of the Inspectorate General within the organization (Ministry of Finance) does not allow its auditor to be exempt from the influence or intervention of the other parties. 5. Sufficient support from Minister of Finance to auditor is given, thus auditor is able to maintain cooperation with the auditee and carry out the audit without any intervention	Djaja in Kuswandono (2010). Djaja in Kuswandono (2010). Djaja in Kuswandono (2010). 1. The Standard of Indonesian Government Internal Auditing 2. Tugiman (1997). 1. The Standard of Indonesian Government Internal Auditing 2. Tugiman (1997).
Compliance to Auditor's Code of Conduct (X_4)	Obedience to ethical principles Compliance with Terms of code of Conduct in the Organization	1. Auditor should enforce and apply ethical principles include: (a) integrity, (b) objectivity, (c) secrecy (d) competence, (e) accountable, (f) professional behavior 2. The auditor supports and upholds the vision, mission, goals, and objectives of the Inspectorate General and the Ministry of Finance. 3. The auditor does not disclose all issues encountered during the review of ministry's budget plan in accordance with applicable legislation, auditing and ethical standards.	1. The Code of Conduct of Government Internal Auditor 2. The Standard of Indonesian Government Internal Auditing The Code of Conduct of Government Internal Auditor The Code of Conduct of Government Internal Auditor

<i>Variable</i> (1)	<i>Dimension</i> (2)	<i>Indicator</i> (3)	<i>Sources</i> (5)
	Rules of auditor relationships with fellow.	4. In the audit assignment, auditor does not maintain good and synergistic relationship with his/her fellow.	The Code of Conduct of Government Internal Auditor
		5. In the audit assignment, auditor mutually guide, remind, and enhance behavior his/her fellow.	The Code of Conduct of Government Internal Auditor
	Rules of auditor relationships with auditee	6. The auditor does not maintain cooperation with the auditee for mutual respect and mutual support of the completion of the audit.	The Code of Conduct of Government Internal Auditor
		7. The auditor should avoids behaviors that suggest an impression of unlawfulness and professional ethics breach especially at the time of assignment.	The Code of Conduct of Government Internal Auditor
The quality of the ministry's budget plan (Y)	Planning standard of review of ministry's budget plan	1. The auditor conducts a coordination meeting with the Planning and Finance Bureau in order to compose Government and Ministry/Institution Work Plan (result of trilateral meeting), Minister of Finance policy related to ministry's budget plan.	Regulation of the Minister of Finance Number 136/PMK.02/2014.
		2. The auditor does not make a review of ministry's budget plan work program as a guideline in a review of ministry's budget plan engagement	1. Regulation of the Minister of Finance Number 136/PMK.02/2014; 2. The Standard of Indonesian Government Internal Auditing; 3. Agoes (2012)
		3. The auditor develops an appropriate procedure for review of ministry's budget plan, by considering factors as follows (a) Risk, (b) Materiality, (c) Significance, (d) Availability of auditors, (e) Time availability.	1. Regulation of the Minister of Finance Number 136/PMK.02/2014; 2. The Standard of Indonesian Government Internal Auditing;
	Field work standards of review of ministry's budget plan	4. The applied procedure of review is not well documented in the working paper.	1. Regulation of the Minister of Finance Number 136/PMK.02/2014; 2. Tugiman (1997)
		5. The working paper of review is not reviewed gradually by head of the team and supervisor	1. Regulation of the Minister of Finance Number 136/PMK.02/2014; 2. Tugiman (1997)
		6. The reviewer of ministry's budget plan reports its finding, including weakness, errors and recommendation to first echelon unit.	Regulation of the Minister of Finance Number 136/PMK.02/2014.
		7. The review report is discussed and submitted to: (a) First echelon secretary to be followed up with adjustment or improvement of ministry's budget plan. (b) Bureau of Planning and Finance	1. Regulation of the Minister of Finance Number 136/PMK.02/2014 2. The Standard of Indonesian Government Internal Auditing

<i>Variable</i> (1)	<i>Dimension</i> (2)	<i>Indicator</i> (3)	<i>Sources</i> (5)
		8. The working paper of review, ministry's budget plan document of first echelon unit, and other supporting document is not well documented or secured by the reviewer.	1. Regulation of the Minister of Finance Number 136/PMK.02/2014 2. The Standard of Indonesian Government Internal Auditing
	Reporting Standard of Review of ministry's budget plan	9. The report of review of ministry's budget plan first echelon unit discloses (a) Background and objective of the review; (b) Procedure and methodology of the review; (c) Weakness and errors found in the review; (d) The agreed improvement; (e) The improvement that have been implemented; (f) Recommendation or improvement that have not been implemented.	1. Regulation of the Minister of Finance Number 136/PMK.02/2014 2. The Standard of Indonesian Government Internal Auditing
		10. The review report is submitted by Inspectorate General to first echelon official in timely manner.	1. Regulation of the Minister of Finance Number 136/PMK.02/2014 2. The Standard of Indonesian Government Internal Auditing

3.6. Data Collection Techniques

In this study, data collection is conducted by distributing questionnaires to respondents. The questionnaire answers were measured using the Likert scale (5 scales), ie strongly disagree (STS), disagree (TS), quite agree (CS), agree (S), and very (SS) with different score and weight values ie 1 to 5.

3.7. The Selection of Respondents

Questionnaires are distributed to the population, of all auditors of Inspectorate VI, Head of Administration Sub-Division of Inspectorate VI, and the official in Sub Division of Inspectorate VI which once conducted review of ministry's budget plan. Questionnaires were distributed in population to 43 respondents and had returned as many as 43 questionnaires (100% return rate).

4. ANALYSIS AND STUDY RESULT

4.1. Pre Test of Questionnaires

Before distributing questionnaires to 43 respondents, Pre Test was performed to 9 respondents. The researcher had revised the sentences in the questionnaire statements based on the pre-test results. It is expected that when the questionnaires are distributed, the respondent understands well the intent of the statements in the questionnaire.

4.2. Descriptive Statistics of Variable

Table 4.1
The Mean of Independent and Dependent Variable

<i>Variable</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
Auditor Competence	43	3.00	5.00	3.9767	.51123
Auditor Due Professional Care	43	3.33	5.00	4.0930	.39277
Auditor Independence	43	3.20	5.00	4.1814	.52520
Compliance to Auditor's Code of Conduct	43	3.00	5.00	4.2544	.44241
The Review Quality of the Ministry's Budget Plan	43	3.52	5.00	4.3114	.44786

Table 4.1 shows that:

1. Most of the respondents agree that the auditor competence variables affect the review quality of the ministry's budget plan.
2. Most of the respondents agree that the variable of Auditor Due Professional Care affect the review quality of the ministry's budget plan.
3. Most of the respondents agree that the auditor independence variables affect the review quality of the ministry's budget plan.
4. Most of the respondents agree that the Compliance to Auditor's Code of ethics affects the review quality of the ministry's budget plan.
5. Most of the respondents agree that the review quality of the ministry's budget plan.

4.3. Testing Result of Data Quality Test, Classical Assumption Test, Hypothesis Testing

Tests in this study consisted of data quality test, classical assumption test, different test, and hypothesis testing.

4.3.1. Data Quality Test

1. **Validity Test:** The validity test indicates that all statements on the competence variables (8 statements), auditor due professional care (3 statements), independence (5 statements), compliance to auditor's code of ethics (12 statements), and the review quality of the ministry's budget plan (21 statements) are valid, so that can be used for further research (all statements probability (2-tailed) < 5%).
2. **Reliability Test:** Reliability test indicates that the four research variables have Alpha Cronbach value above 0.6. Thus variable used in this study can be regarded as reliable.

Table 4.2
Reliability Test Result of Research Variables

<i>Variable</i>	<i>Alpha Cronbach</i>	<i>Result</i>
Competence (X_1)	0,752	Reliable
Due Professional Care (X_2)	0,614	Reliable
Independence (X_3)	0,735	Reliable
Compliance to Auditor's Code of Conduct (X_4)	0,932	Reliable
The Review Quality of the Ministry's Budget Plan (Y)	0,966	Reliable

4.3.2. Classical Assumption Test

1. **Normality Test:** Figure 4.1 exhibits a normally distributed pattern which can be recognized from pattern of residuals which resemble a bell. This pattern indicates that the data is normally distributed. Furthermore, probability graph (Figure 4.2) indicates that the data have been normally distributed. This condition in Figure 4.2 is showed by the spread of residual points around the diagonal line, and the similar direction of residuals the diagonal line.

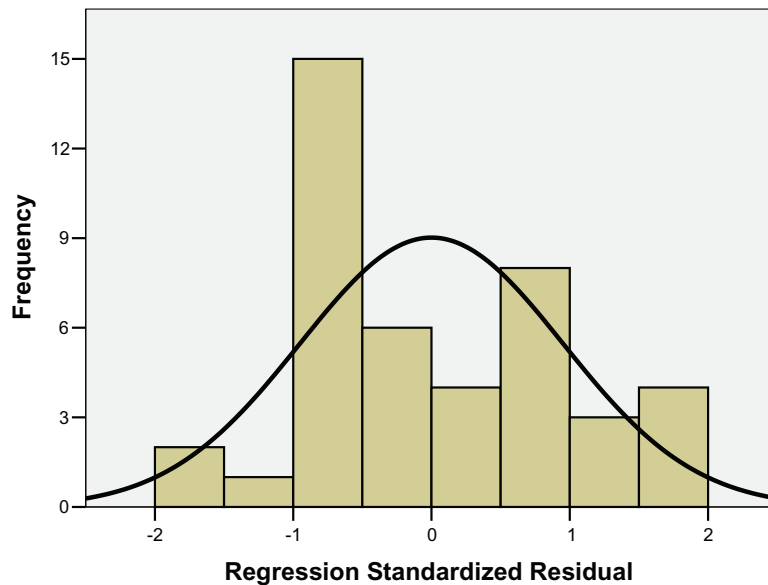


Figure 4.1: Histogram Graph

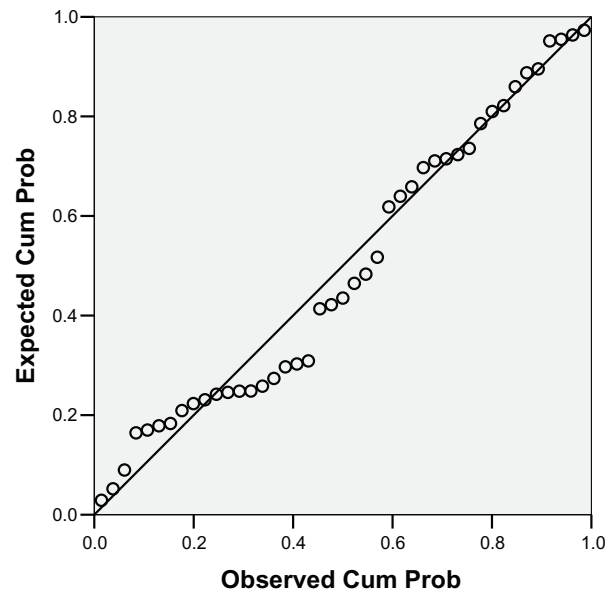


Figure 4.2: PP Plot Graph

2. **Multicolinearity Test:** Multicollinearity test indicates that the four variables have a tolerance value greater than 0.1. The VIF value of all four variables indicates a number less than 10 as a threshold. This suggests that the research model is exempt from multicollinearity problem.

Table 4.3
Multicollinearity Test

<i>Model</i>	<i>Tolerance</i>	<i>VIF</i>
Competence	.563	1.777
Due professional care	.480	2.084
Independence	.343	2.917
Compliance to auditor's code of conduct	.369	2.707

- Heteroskedacity Test:** Figure 4.3 exhibits that there is unclear pattern of heteroscedasticity test plot. The points spread above and below the zeros on the y-axis, hence the model is exempt from heteroscedasticity.

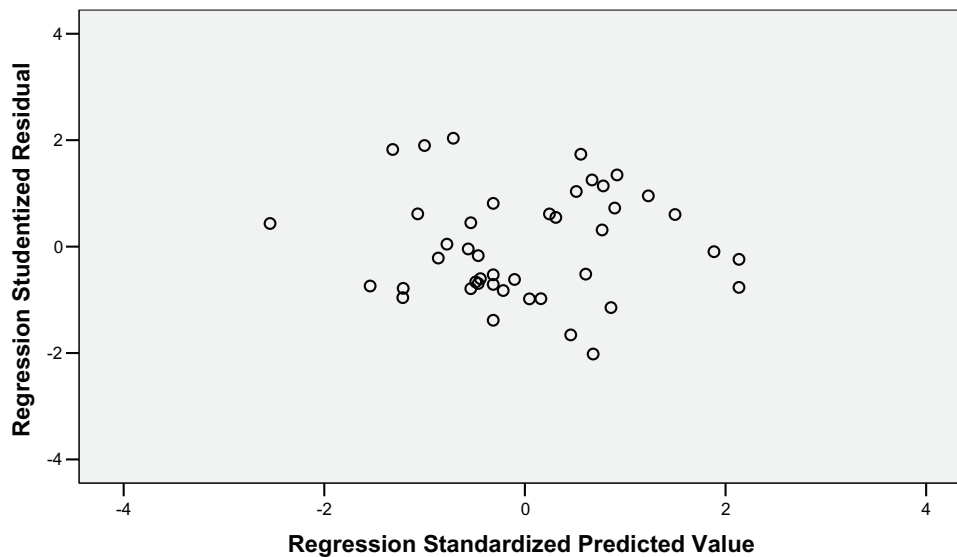


Figure 4.3: Heteroskedacity Test

4.3.3. Difference Test

- Difference Test based on Respondent' Gender:** Based on SPSS output with Independent-sample *t*-test, leven's test for F test indicates that variance significance level of 0.875 is greater 0.05. That can be interpreted there is no difference of variance level of the review quality of the ministry's budget plan between male and female group. In the other hand, *t*-test for equality of means results in level of significance equal to 0,011 which is less than level of significance equal to 0,05. This can be concluded that there are differences in quality of review of the ministry's budget plan between male and female group.
- Difference Test based on Respondent Education Background:** Based on SPSS output with Independent-sample *t*-test, leven's test for F test indicates that variance significance level of 0.172 is greater 0.05. That can be interpreted there is no difference of variance level of the review quality of the ministry's budget plan between respondents with accounting background and non-accounting background. While, *t*-test for equality of means results in level of significance equal to 0,078 which is greater than level of significance equal to 0,05. This can be concluded that

there is no differences in the review quality of the ministry's budget plan between respondents with accounting and non-accounting background.

4.3.4. Hypothesis Testing

Table 4.4
The Result of f Test and t Test

<i>Model</i>	<i>B</i>	<i>t</i>	<i>Sig</i>	<i>Keterangan</i>
<i>(Constant)</i>	0,615	1,182	0,244**	**): significance rate of 5%
Competence	0,239	2,043	0,048**	Positive Influence
Due professional care	0,080	0,482	0,632**	Negative Influence
Independence	0,131	0,900	0,374**	Negative influence
Compliance to auditor's code of ethics	0,440	2,639	0,012**	Positive Influence
<i>F Statistic</i>		15,440**		**): significance rate of 5%
Probability F Statistic		0,000**		
R		0,787		
R Square		0,619		
Adjusted R Square		0,579		

1. **Hypothesis Test (F Test):** Response from ANOVA test indicates that F statistic equal to 15,440 with significance level equal to 0.000. As significance probability less than 0,05, thus the regression model can be used to predict the review quality of the ministry's budget plan (Y). It also can be stated that the competence, due professional care, independence, and/or compliance to auditor's code of ethics simultaneously effect the review quality of the ministry's budget plan variable.

ANOVA test result in F test value of 15,440 > F table (α , 4, 38) = 2.61 or with a significance level of 0.000, which is smaller than 0.05, thus Ho is rejected. The regression model can be used, with the conclusion that the variables X_1 , X_2 , X_3 , and X_4 (competence, due professional care, independence, and compliance to auditor's code of ethics) simultaneously and significantly influence the variable Y (the review quality of the ministry's budget plan).

The R value of 0.787 in Table 4.3 shows that there is strong correlation between competence, due professional care, independence, and compliance to auditor's code of ethics on the review quality of the ministry's budget plan simultaneously. According Sugiyono (2008) correlation coefficient between 0.60 - 0.799 is categorized as a strong relationship. So it can be concluded that there is a strong relationship between competence, due professional care, independence, and compliance to auditor's code of conduct on the review quality of the ministry's budget plan.

The coefficient of determination (R^2) in this regression model yields a value of 0.619 from the likelihood of maximum of 1. The coefficient of determination indicates that the percentage of contribution of independent variables (competence, due professional care, independence, and compliance to auditor's code of ethics) to the dependent variable (the review quality of the ministry's budget plan) of 61.9% or it can be stated that the independent variables used in the model are able to explain 61.9% of the dependent variable (the review quality of the ministry's

budget plan), while the rest of 38.1% is influenced or explained by other variables that are not included in this regression model.

2. **Individual Test (t Test):** The results of the analysis based on Table 4.3 are as follows:
 1. From result of t -test, H_0 is rejected if t -statistic $>$ t -table ($\alpha/2, [n - (k + 1)]$) or t -statistic $<$ t -table (0,025, $[43 - (4 + 1)]$). Based on Table 4.3, t -statistic 2.043 is greater than 2.024. Thus, H_0 is rejected which indicates that competence has a positive effect on the review quality of the ministry's budget plan.
 2. Based on Table 4.3 t -statistic of 0.482 is less than t -table of 2.024. Thus, there is insufficient evidence to reject H_0 , which means, due professional care does not affect the review quality of the ministry's budget plan.
 3. Based on Table 4.3 t -statistic is 0.900 is less than t -table of 2.024. Thus, there is insufficient evidence to reject H_0 , which means independence does not affect the review quality of the ministry's budget plan.
 4. Based on table 4.3 3 t -statistic is 2.639 is greater than t -table of from 2.024, Thus, H_0 is rejected which indicates compliance to auditor's code of ethics has a positive effect on the review quality of the ministry's budget plan.

4.4. Analysis

4.4.1. Effect of Auditor Competence on the Review Quality of the Ministry's Budget Plan

Table 4.3 stated that the competence regression coefficient (X_1) is 0.239 and is positive. This means that if the competency value goes up one unit and the other variable remains, then the review quality of the ministry's budget plan will rise by 0.239. The regression coefficient is positive which represents, X_1 is directly proportional to Y . If the competence improves then the review quality of the ministry's budget plan is also getting better.

The competence of the auditors of Inspectorate VI in carrying out the review quality of the ministry's budget plan is sufficient. Since, the auditor has possessed certification as functional auditor, and had sufficient knowledge for review engagement. Furthermore, all auditors of Inspectorate VI have participated in internal training about review of the ministry's budget plan, and 72,09% of respondent have attended training review of the ministry's budget plan held by the Education and Training Center of Budget and Treasury.

In addition, the competence of auditors of Inspectorate VI, in general, is sufficient due to adequate level of education. Based on the level of education, 27 (62.79%) of respondents have bachelor degree. Respondents with postgraduate degree are of eight people (18.60%), whereas respondent with Diploma III degree is of 6 people (18.60%). A small percentage 2,33% (2 people) of respondents have Doctorate degree and primary education/ equivalent.

4.4.2. Effect of Due Professional Care on The Review Quality of The Ministry's Budget Plan

Table 4.3 exhibit that the coefficient of due professional care variable (X_2) is equal to 0.080 and is positive. This means that if the due professional care variable goes up one unit and the other variable remains, then

the review quality of the ministry's budget plan will rise by 0.080. The regression coefficient is positive which represents that X_2 is directly proportional to Y . If the auditor in reviewing ministry's budget plan use due professional care highly, then the quality of ministry's budget plan review is also getting better.

The auditor has not been optimal in carrying out the review of ministry's budget plan due to limited review time, especially during reviewing of budget allocation. In addition, the review timing which is parallel with the review of Financial Statements engagement, thus result in shortage of human resources for reviewing ministry's budget plan.

Previously, there has been a study of the effect of the short duration of the auditor's engagement to audit quality, Coram in Rustiarini (2013) stated that there is a decline in audit quality due to the short audit time budget. Time pressure causes the auditor tend to lessen the audit quality by reducing audit scope or performing less sample testing.

4.4.3. Effect of Auditor Independence on the Review Quality of the Ministry's Budget Plan

Table 4.3 shows that the regression coefficient of independence (X_3) is 0.131 and has positive value. This means that if the value of independence rises one unit and the other variable remains, then the review quality of the ministry's budget plan. review will rise by 0.131. The regression coefficient is positive which represents that X_2 variable is directly proportional to Y . It means that if the auditor improves its independence then the review quality of the ministry's budget plan, review is also getting better.

The application of independence principle in review of ministry's budget plan does not always improve the review quality due to Javanese society culture namely "*ewuh pakewuh*". Suseno (1997) in Poerhadiyanto and Sawarjuwono (2002) said that within Javanese culture there is principle of conflict avoidance and principle of respect. According those principles, Javanese people should be reluctant to cause a conflict and maintain social harmony. In the other hand, Auditor recommendation which must be followed up by auditee, could potentially cause a conflict with the auditee. Within review of ministry's budget plan, sometimes, auditor will likely have this "*ewuh pakewuh*" attitude and as a result may effect auditor independence.

4.4.4. Influence of Compliance to Auditor's Code of Conduct the Review Quality of the Ministry's Budget Plan

Table 4.3 stated that the regression coefficient of compliance on the code of conduct (X_4) is 0.440 and is positive. This means that if the value of compliance on the code of conduct rises one unit and the other variable remains, then the review quality of the ministry's budget plan review will rise by 0.440. The regression coefficient is positive which represents that X_4 variable is directly proportional to Y . This means that if the compliance on the code of ethics is becoming better than the quality of the review quality of the ministry's budget plan is improved.

According interviews result, during internal audit engagement, auditors of Inspectorate General have complied with code of ethics. That condition is due to the application of code of ethics monitoring instrument, since 2012. In 2012 Inspector General issued the Regulation of Inspector General Number PER-14/IJ/2012 concerning The Code of Conducts Monitoring Guideline on Inspectorate General of the Ministry of Finance. This regulation serves as a monitoring guideline for Inspectorate VII in monitoring the code of ethics compliance of Inspectorate General employees. The Inspectorate

General has had the code of ethics regulation namely Regulation of the Minister of Finance Number 01/PMK.9/2010 Regarding The Code of Ethics of Inspectorate General of the Ministry of Finance official and Regulation of Inspector General Number PER-03/IJ/2011 concerning Implementation Guideline of Code of Conduct of Inspectorate General's official. By applying code of conduct monitoring instrument, the auditor, in the review engagement, will act in accordance with the code of ethics because its behavior is under surveillance. Since 2012 to 2015, as a result, auditor unethical behavior tends to decrease.

5. CONCLUSION

Auditor competence has a positive effect on the review quality of the ministry's budget plan. The competence of the auditor in carrying out the review of ministry's budget plan has been very sufficient due to auditor adequate knowledge of it.

Auditor due professional care does not affect the review quality of the ministry's budget plan. The auditor has not been optimal in carrying out the ministry's budget plan review due to limited review time especially during reviewing budget allocation, limited personnel. In addition, the review of ministry's budget plan is considered as a new engagement, thus the more efficient and effective way of review is being developed.

Auditor independence does not affect the review quality of the ministry's budget plan. In the review engagement, auditor is occasionally unable to manage "*ewuh pakewuh*" feeling, which can interfere auditor independence.

The auditor compliance code of conduct positively affects the review quality of the ministry's budget plan. The Inspectorate General auditor's compliance to the code of conduct, during review engagement, has been improved due to code of ethics monitoring instrument. By this instrument, auditor will behave in accordance with code of conduct.

6. RECOMMENDATION

Based on the results of this study, some recommendations can be put forward as follows:

Recommendation for the Inspectorate General of the Ministry of Finance

1. In order to improve auditor competence in the review of the ministry's budget plan, all auditors of Inspectorate VI should be participated in the ministry's budget plan review training.
2. To address the limited auditor in Inspectorate VI for the review of ministry's budget plan engagement, Inspector General should consider to employ qualified auditor, from other division;
3. In order to reduce auditor unethical behavior especially during review the ministry's budget plan engagement, Inspectorate VI should increase the frequency of socialization of the code of conduct.
4. To improve the compliance to code of conduct, reward and punishment system, should be implemented;

Recommendation for subsequent study

1. Increasing the sample size by taking other Ministries Inspectorate General as a sample;
2. Employing other variables and examining its effect on the review quality of the ministry's budget plan. Some variables that can be used for the next research are motivation, organizational culture, the regulation of functional role of auditor, and quality control system of internal audit.

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