The Influence of Professional Ethics and Auditors' Expertise on Audit Quality in the Office Public Accountant in Medan City

Dinda Fikriya Dayana, Rahima Purba, Neng Sri Wardhani

Abstract

This study aims to analyze the influence of professional ethics and auditor expertise on audit quality at Public Accounting Firms (KAP) in Medan City. In an increasingly complex business environment, the professionalism of auditors is an important factor in maintaining public trust and ensuring the integrity of financial statements. Professional ethics act as a moral guideline that directs auditors to act objectively, independently, and honestly in carrying out their duties. Meanwhile, the auditor's expertise includes the technical knowledge, experience, and analytical abilities necessary to identify material errors as well as provide accurate assessments. This study uses a quantitative approach with a survey method of auditors working on various KAP in Medan City. The research instrument is in the form of a questionnaire that has been tested for validity and reliability. Data were analyzed using multiple linear regression to determine the partial or simultaneous influence between the variables of professional ethics and auditor expertise on audit quality. The results of the study show that professional ethics have a positive and significant effect on audit quality. This confirms that the values of integrity, objectivity, and professional behavior are the main pillars that strengthen the audit process. In addition, the auditor's expertise also has a positive and significant influence, showing that technical competence and experience greatly determine the accuracy of audit procedures and the quality of findings. Simultaneously, these two variables make a strong contribution to improving audit quality. This study emphasizes that efforts to improve audit quality in the Medan City KAP must be focused on strengthening the application of professional ethics and improving auditor competence through continuous training. These findings are expected to be a reference for stakeholders to build more credible and reliable audit practices.

Keywords: Professional Ethics, Auditor Expertise, Audit Quality, Public Accounting Firm

Dinda Fikriya Dayana[1]
[1]Bachelor of Accounting, Universitas Pembangunan Panca Budi, Indonesia
e-mail: dindafikriya19@gmail.com[1]

Rahima Purba[2], Neng Sri Wardhani[3]
[2,3]Master of Accounting, Universitas Pembangunan Panca Budi, Indonesia
e-mail: rahima@dosen.pancabudi.ac.id[2], nengsri_wardhani@dosen.pancabudi.ac.id[3]
2nd International Conference on Islamic Community Studies (ICICS)
Theme: History of Malay Civilisation and Islamic Human Capacity and Halal Hub in the Globalization Era
https://proceeding.pancabudi.ac.id/index.php/ICIE/index

Introduction

Audits have a strategic role in maintaining the credibility of financial statements and providing adequate confidence to stakeholders. The results of a quality audit are expected to be able to reflect the company's financial condition reasonably and in accordance with generally applicable accounting principles. In the context of the public accounting profession, audit quality is the main benchmark that determines the level of public trust in the auditor profession [1]. Audit quality is a key indicator that reflects the reliability and credibility of an entity's financial statements. The auditor as an independent party has the responsibility to ensure that financial statements are presented reasonably in accordance with generally accepted accounting principles. However, in practice, audit quality is often questioned due to various cases of financial statement manipulation involving public auditors, both at the national and regional levels [2]. This phenomenon also occurs in the city of Medan, where a number of Public Accounting Firms (KAP) face challenges in maintaining audit integrity, such as pressure from clients, limited resources, and weak application of professional ethics. Professional ethics play an important role in maintaining the independence and objectivity of auditors so that they are not influenced by the interests of certain parties [3]. When auditors ignore the principles of integrity, objectivity, and confidentiality, the results of the resulting audit become less trustworthy and lower the overall quality of the audit. In addition, the level of auditor expertise is also the main determining factor in producing quality audits. Auditors who have technical competence, adequate knowledge, and extensive experience will be better able to detect material misstatements and assess audit risks appropriately [4]. On the other hand, limited expertise can lead to errors in audit decision-making and lower the quality of audit results.

According to [1], audit quality is influenced by a combination of technical and nontechnical factors, including auditor competence, independence, skepticism, and professional ethics. Among these factors, professional ethics are a fundamental element that requires auditors to uphold integrity, objectivity, confidentiality, and professionalism in every stage of the audit. Auditors who adhere to the code of ethics will be more likely to provide audit opinions that are consistent with the evidence found, regardless of external pressures that may arise [5]. In addition to ethics, auditor expertise or technical competence also has a significant influence on audit quality. These competencies include accounting and auditing knowledge, understanding of the client's industry, and skills in identifying risks and material misrepresentations [6]. Auditors who have adequate expertise are able to design effective audit procedures, collect sufficient evidence, and draw the right conclusions based on findings [24].

Previous research within the Panca Budi Development University (UNPAB) shows that the application of professional ethics and improving auditor competence contribute to the quality of audits at Public Accounting Firms in Medan [5]. However, most of these studies use qualitative designs or have limitations in the number of respondents, so the generalization of the results is not optimal. On the other hand, the dynamics of the business environment, the development of audit technology, and regulatory changes demand the existence of the latest studies based on quantitative methods that can provide stronger empirical evidence. Quality audits are a key element in maintaining the reliability of financial statements and stakeholder confidence in economic information. The quality of audits does not only depend on compliance with technical standards, but is also influenced by the professional characteristics of auditors and the quality control system in public accounting firms. Regulatory changes and increasing quality control demands at the international and national levels emphasize the importance of non-technical factors to ensure reliable audit outputs [6].

Two individual factors that are often considered to determine the quality of audits are professional ethics and auditor expertise (competence). Professional ethics include the values of integrity, objectivity, and professional care that encourage auditors to act independently and report findings honestly. [1] affirm that ethical attitudes and professional integrity are the

cornerstones of auditor behavior that influence decision-making during the audit process. The auditor's expertise that includes technical competence, industry experience, and ongoing training enables the auditor to conduct appropriate professional assessments, design and execute relevant audit procedures, and adequately evaluate audit evidence. Recent research has found a positive relationship between auditor competence and audit quality; more experienced or trained auditors tend to be more effective in detecting material misrepresentations [24].

The local context of Public Accounting Firms (KAP) in Medan City is interesting to research because of the characteristics of audit practices, KAP organizational culture, and the availability of resources differ between regions. Research within the Panca Budi Development University (UNPAB) found that the application of professional ethics and the development of auditor competencies have a significant contribution to audit quality [6]. However, most of these studies are qualitative or use a limited sample, so quantitative studies with a wider scope are needed. Based on this description, this study aims to analyze the influence of professional ethics and auditor expertise on audit quality in public accounting firms in Medan City. The results of the research are expected to contribute to the development of better quality auditing practices at the local level and become a reference for policies for the development of the auditor profession.

Problem Identification

Based on the description in the introduction, some of the problems that can be identified are as follows:

1. There are still auditors who have not fully implemented professional ethics in the implementation of audits, such as lack of independence, conflicts of interest, or compromise to pressure from clients, which has the potential to reduce the quality of audits.
2. The level of auditor expertise varies among Public Accounting Firms (KAP) in Medan City, both in terms of technical knowledge, industry understanding, and analytical skills, so that it affects the ability to detect material misrepresentations.
3. There are still audit findings that are inaccurate or inconsistent with the actual conditions, which shows that the quality of audits is not optimal in several KAPs in Medan.

Problem Formulation

Based on the background of the problem, the formulation of the problem is:

1. Does Professional Ethics Partially Affect the Quality of Audits at Public Accounting Firms in Medan City
2. Is the Auditor's Expertise Partially on the Quality of Audits at Public Accounting Firms in Medan City
3. Are Professional Ethics and Auditor Expertise Partially Simultaneously Affecting the Quality of Audits at Public Accounting Firms in Medan City

Research Objectives

The objectives of this research are as follows:

1. To find out the Professional Ethics partially on the Quality of Audits at Public Accounting Firms in Medan City
2. To find out the Auditor's Expertise in Partial Audit Quality at Public Accounting Firms in Medan City
3. To find out the Professional Ethics and Expertise of Auditors partially simultaneously on the Quality of Audits at Public Accounting Firms in Medan City

Literature Review Audit Quality

The high quality of audits increases public confidence in financial statements and strengthens the reputation of Public Accounting Firms (KAP). On the other hand, low audit quality can damage public trust and potentially lead to professional sanctions [10]. According to [1], audit quality reflects the extent to which audits are carried out in accordance with applicable auditing standards and produce audit reports that are reliable, relevant, and free from material misrepresentation. Audit quality is influenced by integrity, objectivity, professional competence, and compliance with audit procedures [1]. According to [5], audit quality is the level of accuracy, accuracy, and compliance of auditors in carrying out the audit process so that the resulting reports can provide adequate confidence to the user of financial statements that the information presented is free from fraud or material errors [6].

Factors Affecting Audit Quality [1]: a) Auditor Competencies and Expertise**,** b) Auditor Independence**,** c) Professional Skepticism**,** d) Proper Audit Procedures and Methodologies**,** f) Quality Control of Public Accounting Firms (KAP)**,** g) Time Budget Pressure**,** h) Ethics and Integrity of Auditors**,** i) Communication and Interaction with Clients**,** j) Professional Regulation and Standards Environment

Audit quality indicators according to [1].

Audit quality indicators according to [1], can be seen from several main dimensions that describe the extent to which the audit process is carried out effectively, according to standards, and produces reliable reports. Referring to Auditing and Assurance Services: An Integrated Approach (18th ed.), the indicators include: 1) Compliance with Audit Standards, 2) Adequacy and Accuracy of Audit Evidence, 3) Auditor Independence and Objectivity, 4) Auditor Competencies and Expertise, 5) Timeliness of Audit Reporting, 6) Application of Professional Skepticism.

Professional Ethics

Professional ethics is a set of moral principles and behavioral norms that serve as a guideline for professionals in carrying out their responsibilities to society, clients, and their own profession [9]. In the context of the public accountant profession, professional ethics function to maintain the integrity, objectivity, confidentiality, professional competence, and professional behavior of auditors.

Principles of Professional Ethics of Auditors

Based on the Indonesian Code of Ethics for Accountants [7], there are five main principles that are the basis for auditor behavior, namely:

1. Integrity, i.e. honesty in all professional and business relationships.
2. Objectivity, i.e. not allowing bias, conflicts of interest, or other influences to interfere with professional judgment.
3. Professional competence and prudence, i.e. the obligation to maintain professional knowledge and skills at the required level.
4. Confidentiality, which is respecting information obtained in professional relationships.
5. Professional behavior, that is, acting in accordance with the rules and avoiding actions that discredit the profession.

Professional Ethics and Audit Quality

Previous research has shown that the application of professional ethics has a significant effect on audit quality because auditors with high ethics are better able to resist pressure from clients and maintain independence [3]. Thus, the higher the level of auditors' compliance with professional ethics, the better the quality of the audit produced. According to Keraf (2019), professional ethics are a set of moral principles that serve as a guideline for behavior in carrying out a profession, aiming to maintain integrity, responsibility, and public trust in the profession.

[10] states that professional ethics of auditors are standards of behavior that govern auditors' relationships with clients, peers, and the public, which includes integrity, objectivity,

professional competence, confidentiality, and professional behavior. According to [11], professional ethics is a system of values and moral principles that govern how a professional interacts with stakeholders and carries out his duties according to agreed standards. [5]
Professional ethics of auditors are moral commitments that govern auditors' behavior in carrying out audit duties, by upholding the values of integrity, objectivity, and professionalism in order to produce quality audits.

Factors Affecting Professional Ethics according to [11]

According to [11], professional ethics in the context of organizational behavior are influenced by various internal and external factors that affect the way a person decides right or wrong at work. These factors include: 1) Personal Values, 2) Organizational Culture, 3) Code of Ethics, 4) Situational Pressure, 5) Internal Control System

Professional Ethics Indicators according to [11]

According to Gibson et al. (2020), professional ethics can be measured through the following key indicators: 1) Integrity, 2) Objectivity, 3) Concealment, 4) Professional Competencies, 5) Professional Conduct, 6) Professional Responsibilities, 7) Public Interest, 8) Technical Standards.

Auditor Expertise

Auditor expertise is the technical ability and professional knowledge that auditors have in carrying out audit procedures and providing opinions on financial statements [1] This expertise includes an understanding of accounting standards, audit standards, internal control systems, and risk analysis and assessment skills. [1] Auditor expertise is technical and professional abilities that include accounting knowledge, understanding of audit standards, analytical skills, and practical experience that are sufficient to carry out audits effectively and in accordance with generally accepted accounting principles. [9] Auditor expertise includes technical competence, communication skills, critical thinking skills, and a thorough understanding of the client's business to provide a quality audit opinion. [29] Auditor expertise is a combination of formal knowledge, training, work experience, and the ability to apply audit procedures with professional skepticism to detect material errors.

Factors Affecting Auditor Expertise

According to [1], auditor competence is influenced by several main factors, including: 1) Formal Education and Training, 2) Audit Experience, 3) Understanding of Standards and Regulations, 4) Analytical and Problem-Solving Skills, 5) Communication Skills, 6) Professional Ethics and Integrity.

Auditor Expertise Indicators according to [1]

1. Knowledge,
2. Skill,
3. Attitude

Previous Research

The previous research in this study is as follows:

Table 1. Previous Research

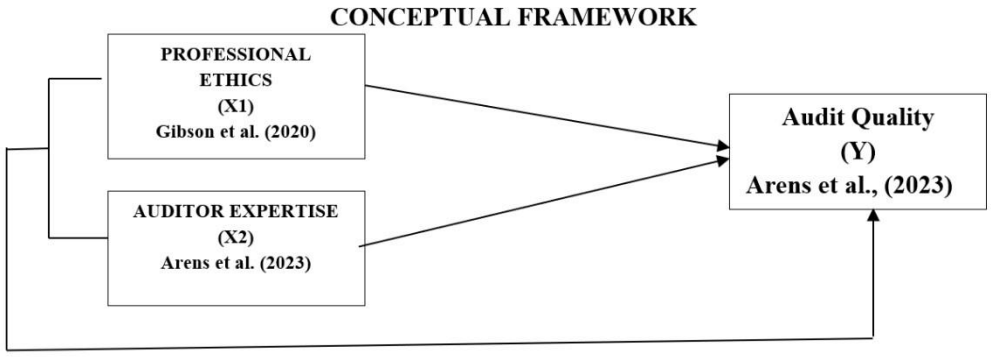
No	Researcher & Year	Research Title	Variables Studied	Research Methods	Findings
1	Pratama & Suryani (2022)	The Influence of Professional Ethics and Auditor Expertise on Audit Quality in KAP in Jakarta	Professional Ethics, Auditor Expertise, Audit Quality	Quantitative, Linear Regression	Professional ethics and auditor expertise have a significant effect on audit quality

2	Setiawan (2021)	Analysis of the Influence of Competence and Independence on Audit Quality at BPK RI	Competence, Independence, Audit Quality	Quantitative, Regression Analysis	Auditor competence has a significant positive effect on audit quality
3	Yuliana & Putri (2020)	Professional Ethics as a Determinant of Audit Quality: A Study on Government Internal Auditors	Professional Ethics, Audit Quality	Quantitative, SEM-PLS	Professional ethics have a significant effect on audit quality
4	Wijayanti & Arifin (2019)	The Influence of Auditor Experience and Expertise on Audit Quality in Public Accounting Firms	Experience, Auditor Expertise, Audit Quality	Quantitative, Path Analysis	The auditor's expertise has a significant effect on audit quality
5	Nugroho (2018)	The Influence of Professional Ethics and Competence on Audit Quality in Local Government Auditors	Professional Ethics, Competence, Audit Quality	Quantitative, Regression Analysis	Professional ethics have a positive effect on audit quality, competence also plays an important role

Source: 2025

Conceptual Framework

Conceptual framework is a picture or model that connects relevant concepts in a research or scientific study. This framework describes the relationships between the variables or concepts being studied, and provides guidance on how. The research problem will be analyzed in Understand. Conceptual frameworks are a very important tool in research because they provide a clear structure for understanding and analyzing the relationships between various relevant concepts. With this framework, researchers can plan, carry out and interpret research in a more targeted and systematic manner. The conceptual framework in this study is described in the form of a chart or diagram as follows:



Source: 2025

Figure 1. Conceptual Framework Drawings

Hypothesis

1. Professional Ethics in Partial to Audit Quality at Public Accounting Firms in Medan City
2. Auditor's Expertise in Partial Audit Quality at Public Accounting Firms in Medan City
3. Profession and Expertise of Auditors Partially Simultaneously to Audit Quality at Public Accounting Firms in Medan City

Research Methodology Variable Operational Definition

The following is a brief explanation of each research variable along with the name of the theory and the relevant year for the dependent variable (Y) and independent variable (X) in general:

Table 2. Variable Operational Definitions

No	Variable	Variable Definition	Indicators	Scale
1	Quality Auditor (Y)	Audit quality reflects the extent to which audits are carried out in accordance with applicable auditing standards and produce audit reports that are reliable, relevant, and free	1. Compliance with Audit Standards 2. Adequacy and Accuracy of Audit Evidence 3. Auditor Independence and Objectivity 4. Auditor Competencies and Expertise 5. Timeliness of Audit Reporting 6. Application of Professional Skepticism	Likert
		from material misrepresentation. Audit quality is influenced by integrity, objectivity, professional competence, and compliance with audit procedures Arens et al., (2023)	Arens et al., (2023)	
2	Professional Ethics (X1)	Professional ethics is a system of values and moral principles that govern how a professional interacts with stakeholders and carries out his duties according to agreed standards. Gibson et al. (2020)	1. Integrity 2. Objectivity 3. Concealment 4. Professional Competencies 5. Professional Conduct 6. Professional Responsibilities 7. Public Interest 8. Technical Standards Gibson et al. (2020)	Likert
3	Auditor Skills (X2)	Auditor expertise is technical and professional ability that includes accounting knowledge, understanding of audit standards, analytical skills, and practical experience sufficient to carry out audits effectively and in accordance with generally applicable accounting principles. Arens et al. (2023)	1. Knowledge 2. Skills 3. Attitude Arens et al. (2023)	Likert

Source: 2025

Population and Samples/Data Types and Sources Population

According to [28], population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and drawn conclusions. The population in this study is all internal auditors who work in 5 Public Accounting Firms in the city of Medan, with a total of 63 auditors.

Sample

According to [28], saturated samples are used when the population is relatively small or researchers want to examine all members of the population to get more accurate results. This technique is also often referred to as census sampling. So the researcher took all the population to be used as a sample of 63 internal auditors.

Table 3. Research Sample

Yes	KAP Name	KAP Permit	Number of Auditors
1.	KAP Drs. Selamat Sinuraya & Partners (Centre)	KEP-939/KM.17/1998	8
2.	KAP M. Lian Dalimunthe & Partners	714/KM.1/2021	16
3.	KAP Drs. Katio & Rekan (Center)	KEP-259/KM.17/1999	15
4.	KAP Syamsul Bahri, MM. Ak., and Associates	KEP-011/KM.5/2005	14
5.	KAP Fachruddin And Mahyuddin	KEP-373/KM.17/2000	10
Total Sample		**63**	

Source: 2025

Data Type

The type of data used in this study is quantitative data, which is data in the form of numbers that can be processed statistically (Sekaran & Bougie, 2020).

Data Source

The data sources in this study consist of:

1) Primary Data: obtained directly from respondents through the distribution of questionnaires related to research variables (auditor expertise, professional ethics, independence, and audit quality).
2) Secondary Data: obtained from company documents, annual reports, literature, and previous research results relevant to the research topic

Data Collection Techniques

The data collection technique in this study was carried out by a survey method using a questionnaire prepared based on indicators on the research variables. The questionnaire uses a Likert scale with five answer choices, namely:1 = Strongly Disagree,
2 = Disagree,
3 = Neutral, 4 = Agree, and 5 = Strongly agree.

According to [28], a questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to respondents for them to answer. This questionnaire was given directly to respondents who had been designated as a research sample. In addition to questionnaires, the researcher also conducted a documentation study to obtain relevant secondary data, such as organizational profiles, performance reports, and other supporting data. Documentation techniques are used to strengthen the findings and analysis of research results [29].

Data Analysis Techniques Data Quality Test 1. Validity Test

[28], explained that to get quality and good quality research results, a series of research must be carried out properly. Validity test is a test used to measure the instruments in the questionnaire and can be used to measure what should be measured. The validity test is carried out to measure whether the data obtained after the research is valid data with the measuring tool used (questionnaire). The validity test of each question is greater than (>) 0.30, then the question item is considered valid".

2. Reliability Test (reliability)

[28], stated that reliability is the level of reliability of a research instrument. A reliable instrument is an instrument that when used repeatedly to measure the same object will produce the same data. The reliability test will be able to show the consistency of the respondents'

answers contained in the questionnaire. The reliability test is carried out by testing the items of statements that have been declared valid in the validity test and will be determined for reliability. The realism of a variable construct is said to be good if it has Cronbach's alpha value greater than (>) 0.60".

3. Classic Assumption Test

[28], explained that before doing regression, there are conditions that must be passed, namely conducting a classical assumption test. The regression model must be free from classical assumptions, namely, the test of normality, multicollinearity and heteroscedasity".

1. Normality Test

The purpose of the normality test is to find out whether the distribution of a data follows or approaches the normal distribution. The classical assumption test used in this study is: a. Test Histogram

Good data is data that has a pattern like normal distribution, that is, the distribution of the data does not tilt to the left or tilt to the right. To test this, the graphic method can be used.

b. Test P Plot

Normal P Plot of the standard residual cumulative probability, by identifying if it is actually around the normal line, then the assumption of normality can be fulfilled. If the data is spread around a diagonal line, then the data is said to be normal.

c. Kolmogorov-Sminov test

In addition, the Kolmogorov-Sminov test is also used to see normality by identifying Pvalues greater than alpha, so the assumption of normality is acceptable. Using a significance level of 5% (0.05), if the value of Asymp.Sig (2-tailed) is above the significance value of 5% (0.05), it means that the residual variable is normally distributed".

2. Multicollinearity Test

[28] stated that the multicollinearity test aims to test whether the regression model finds a correlation between independent variables. Tolerance measures the variability of a selected variable that is not explained by other independent variables. The general value that can be used is Tolerance > 0.1 or VIF < 10, so there is no multicollinearity.

3. Heteroscedasticity Test

Sugiyono (2020) explained that the existence of variance of independent variables is constant for every specific value of independent variables (homokedasticity). A good regression model is that heterokedasticity does not occur. The basis for decision-making is that if a certain pattern, such as the existing points (points) form a certain regular pattern, then heterogeneity occurs. The basis of the analysis is as follows:

a. By looking at whether the dots have a certain irregular pattern such as wavy, widening and then narrowing, if there is a feeding it indicates heterokedasticity.
b. If there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then it indicates that there is no heterokedasticity".

4. Multiple Linear Regression

The test tool used to analyze the hypothesis in this study is Multiple Linear Regression Analysis. Sugiyono (2020) stated that the multiple linear regression analysis method was used to determine how much influence independent variables (locus of control and auditor professional skepticism) had on bound variables (audit quality). $Y = \alpha + ß1X1 + ß2X2 + €$

Information:

Y = Audit Quality (Dependent Variable) α
= Constant
ß = Multiple Regression Coefficient
X1 = Professional Ethics (Independent Variable)

X2 = Auditor's Expertise (Independent Variable)
€ = Error term

5. Test Goodness Of Fit

The hypothesis that has been proposed will be tested for significance. The test will be carried out with the following statistical tests:

1. Simultaneous Test (F Test); [28], stated that the F test is used to test whether the free variable has a simultaneous influence on the bound variable. To analyze whether the hypothesis is accepted or rejected, the value of F can be seen, namely the probability value". The hypothesis is:
   H0 : there is an insignificant influence
   Ha : there is a significant influence
   The criteria for accepting/rejecting the hypothesis are as follows:
   a. Minus H0 if the calculated probability value < the applied probability is 0.05 (Sig < α 0.05).
   b. Accept H0 if the calculated probability value > the set probability is 0.05 (Sig > α 0.05)
2. Partial Test (t-test); [28], explained that the t-test is used to test the hypothesis if the researcher analyzes partial regression (an independent variable with a bound variable). So this test can be seen from the probability value. The hypothesis is:
   H0 : there is an insignificant influence
   Ha : there is a significant influence
   The criteria for accepting/rejecting the hypothesis are as follows:
   a. Minus H0 if the calculated probability value < a significance level of 0.05 (Sig < α 0.05).
   b. Accept H0 if the calculated probability value > a significance level of 0.05 (Sig > α 0.05).
3. Coefficient of Determination (R^2); [28], stated that the coefficient of multiple determination or R-square (R2) is to see how the variation in the value of the bound variable is affected by the variation in the value of the free variable. A value close to one means that independent variables provide almost all the information needed to predict the variation of dependent variables".

Data Analyst Method Using SmartPLS

SmartPLS is a software for analyzing relationships between latent variables using the PLS-SEM (Partial Least Squares Structural Equation Modeling) method [30]. PLS-SEM is used to test the cause-and-effect relationship model between independent variables (exogenous) and bound variables (endogenous), both those that have reflective and formative indicators. PLS-SEM focuses on the prediction and explanation of variance, not on the overall model fit test such as covariance-based SEM (AMOS/LISREL).

Evaluation of the Outer Model (Measurement Model): Testing Validity and Reliability

Convergent validity is part of the measurement model , which in SEM-PLS is usually referred to as the outer model while in covariance-based SEM it is called confirmatory factor analysis (CFA) [30]. There are two criteria to assess whether the outer model meets the requirements for convergent validity for reflective constructs, namely (1) loading must be above 0.7 and (2) significant p-value (<0.05) [30]. However, in some cases, often loading requirements above 0.7 are often not met, especially for newly developed questionnaires. Therefore, loading between 0.40-0.70 must still be considered to be maintained [30].

Indicators with loads below 0.40 should be removed from the model. However, for indicators with a load between 0.40 and 0.70, we should analyze the impact of the decision to

remove the indicator on average variance extracted (AVE) and composite reliability. We can remove indicators with a load between 0.40 and 0.70 if the indicator can increase the average variance extracted (AVE) and composite reliability above the limit (treshold) [30]. The AVE limit value is 0.50 and the composite reliability is 0.7. Another consideration in removing indicators is their impact on the content validity of the construct. Indicators with small loads are sometimes maintained because they contribute to the validity of the construct content (Mahfud and Ratmono, 2023). Table 4 presents the loading values for each indicator.

Table 4. Validity Testing by Loading Factor

	Etika Profesi (X1)	Keahlian Auditor (X2)	Kualitas Audit (Y)
X1.1	0.845		
X1.2	0.835		
X1.3	0.799		
X1.4	0.839		
X1.5	0.851		
X1.6	0.852		
X2.1		0.919	
X2.2		0.857	
X2.3		0.91	
Y1			0.895
Y2			0.856
Y3			0.851
Y4			0.88
Y5			0.805
Y6			0.872

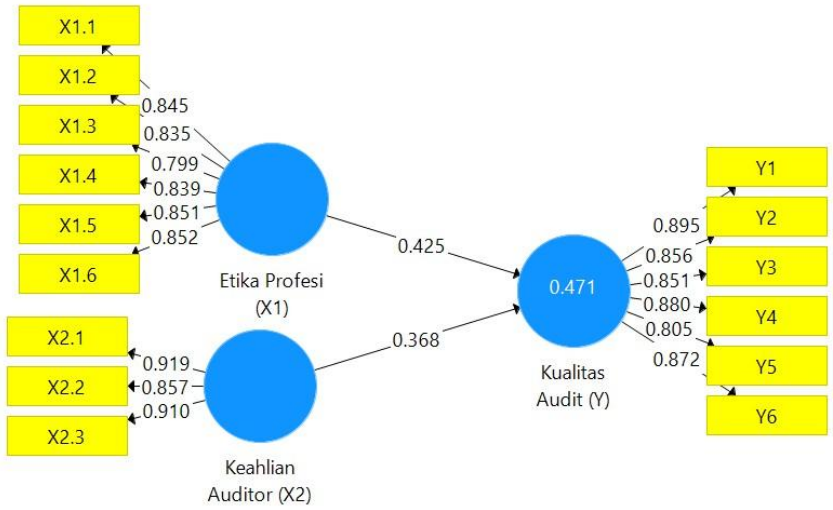


Figure 2. Validity Testing by Loading Factor

Based on the loading factor validity test in Table 4 and Figure 4, it is known that all loading values > 0.7, which means that they have met the validity requirements based on the loading value. Furthermore, validity testing was carried out based on the average variance extracted (AVE) value.

Table 5. Validity Testing by Average Variance Extracted (AVE)

	Mean Variance Extracted (AVE)
Professional Ethics (X1)	0.7
Auditor Skills (X2)	0.802
Audit Quality (Y)	0.74

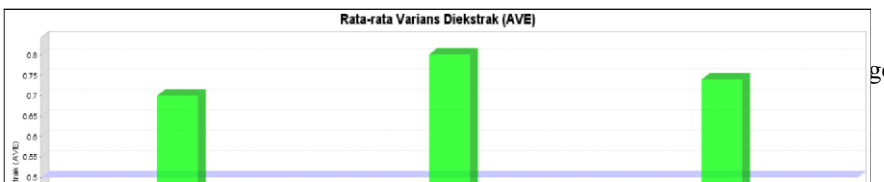


Figure 3. Validity Testing by Average Variance Extracted (AVE)

The recommended AVE value is above 0.5 (Mahfud and Ratmono, 2013). It is known that all AVE values > 0.5, which means that they have met the validity requirements based on AVE. Furthermore, reliability testing was carried out based on the composite reliability (CR) value.

Table 6. Reliability Testing by Composite Reliability (CR)

	Composite Reliability
Professional Ethics (X1)	0.933
Auditor Skills (X2)	0.924
Audit Quality (Y)	0.945

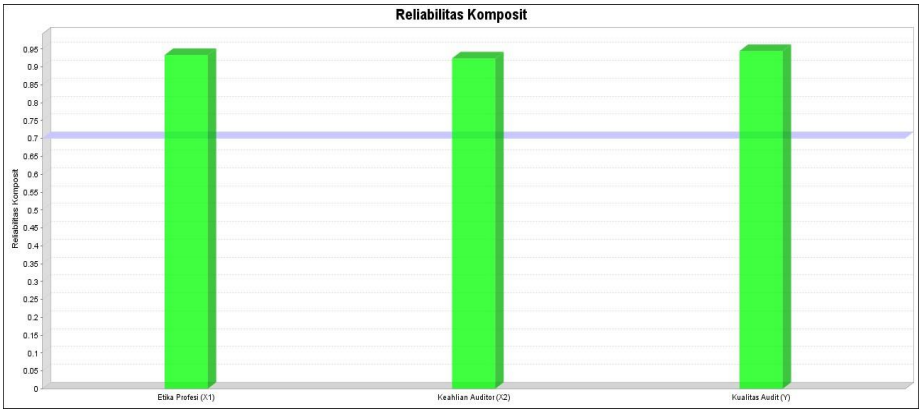


Figure 4. Reliability Testing by Composite Reliability (CR)

The recommended CR value is above 0.7 (Mahfud and Ratmono, 2013). It is known that all CR values are > 0.7, which means that they have met the reliability requirements based on CR. Next, reliability testing was carried out based on Cronbach's alpha (CA) value.

Table 7. Reliability Testing by Cronbach's Alpha (CA)

	Cronbach's Alpha
Professional Ethics (X1)	0.915
Auditor Skills (X2)	0.876
Audit Quality (Y)	0.93

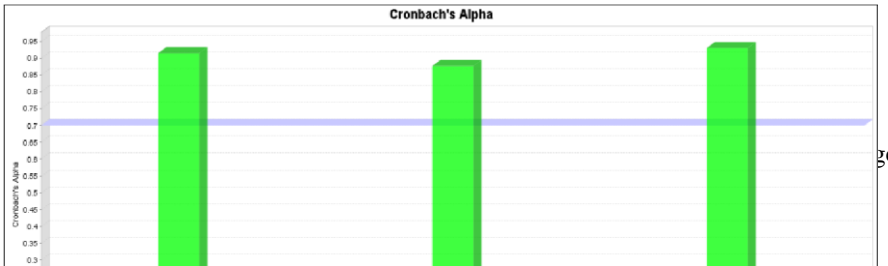


Figure 5. Reliability Testing based on Cronbach's Alpha (CA)

The recommended CA value is above 0.7 (Mahfud and Ratmono, 2013). It is known that all CA values > 0.7, which means that they have met the reliability requirements based on Cronbach's alpha. Next, a discriminatory validity test was carried out using the Fornell-Larcker approach. Table 4.5 presents the results of the discriminant validity test.

Table 8. Discriminatory Validity Testing with the Fornell-Larcker Approach

	Professional Ethics (X1)	Auditor Skills (X2)	Audit Quality (Y)
Professional Ethics (X1)	$\sqrt{AVE_{X1}}$=0.837		
Auditor Skills (X2)	0.495	$\sqrt{AVE_{X2}}$=0.896	
Audit Quality (Y)	0.607	0.579	$\sqrt{AVE_{Y}}$=0.86

In discriminant validity testing, the square root value of AVE of a latent variable is compared to the correlation value between that latent variable and other latent variables. It is known that the square root value of AVE for each latent variable is greater than the correlation value between the latent variable and other latent variables. So it is concluded that it has met the requirements for discriminatory validity.

Influence Significance Test (Boostrapping) (Hypothesis Test) (Inner Model) Table 9 presents the results of the significance test of influence.

Table 9. Significance Test of the Effect of Outer Loading

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
X1.1 <- Professional Ethics (X1)	0.845	0.84	0.042	20.271	0.000
X1.2 <- Professional Ethics (X1)	0.835	0.835	0.035	23.529	0.000
X1.3 <- Professional Ethics (X1)	0.799	0.798	0.047	16.868	0.000
X1.4 <- Professional Ethics (X1)	0.839	0.835	0.051	16.336	0.000
X1.5 <- Professional Ethics (X1)	0.851	0.848	0.044	19.352	0.000
X1.6 <- Professional Ethics (X1)	0.852	0.848	0.042	20.476	0.000
X2.1 <- Auditor Expertise (X2)	0.919	0.917	0.037	25.111	0.000
X2.2 <- Auditor Expertise (X2)	0.857	0.858	0.046	18.726	0.000
X2.3 <- Auditor Expertise (X2)	0.91	0.904	0.068	13.34	0.000
Y1 <- Audit Quality (Y)	0.895	0.892	0.031	28.507	0.000

Y2 <- Audit Quality (Y)	0.856	0.854	0.04	21.533	0.000
Y3 <- Audit Quality (Y)	0.851	0.849	0.039	21.554	0.000
Y4 <- Audit Quality (Y)	0.88	0.875	0.04	22.025	0.000
Y5 <- Audit Quality (Y)	0.805	0.803	0.06	13.318	0.000
	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
Y6 <- Audit Quality (Y)	0.872	0.868	0.042	20.751	0.000

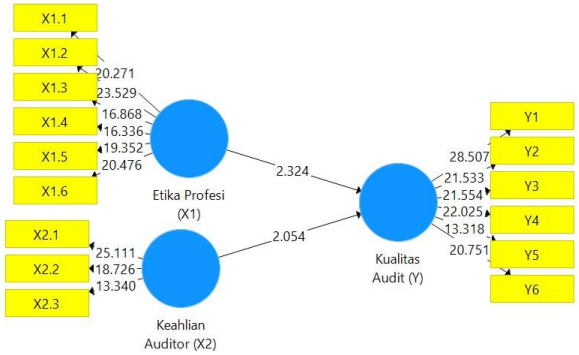


Figure 6. Boostrapping Testing Based on Outer Loading

Based on the bootstrapping results on the outer loading table, all indicators have a Tstatistic value above 1.96 and a P-value less than 0.05. This shows that all indicators are significant in measuring their respective variables. Thus, the measurement model has met the convergence validity statistically so that it can be continued on the internal model test. Followed by the results of the significance test of influence.

Table 10. Test Path Coefficient & Significance Influence

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
Professional Ethics (X1) -> Quality Audit (Y)	0.425	0.42	0.183	2.324	0.021
Auditor Expertise (X2) -> Audit Quality (Y)	0.368	0.368	0.179	2.054	0.041

Source: SmartPLS Processed

Based on the results in Table 10, the results were obtained:

1. Based on the results of the bootstrapping test, the Professional Ethics variable (X1) has a coefficient value of 0.425 with a T-statistic of 2.324 and a P-value of 0.021. This value shows that Professional Ethics has a positive and significant effect on Audit Quality.
2. Furthermore, the Auditor Expertise variable (X2) obtained a coefficient value of 0.368 with a T-statistic of 2.054 and a P-value of 0.041. This indicates that the Auditor's Expertise also has a positive and significant effect on Audit Quality.
3. Thus, the two independent variables in this study are proven to have a significant contribution in improving audit quality.

Table 11. R-Square

	R Square	Adjusted R Square

Audit Quality (Y)	0.471	0.453

Based on the results of the analysis, the R Square value for the Audit Quality variable is 0.471**,** which means that Professional Ethics and Auditor Expertise are able to explain 47.1% of the variation that occurs in Audit Quality. The Adjusted R Square value of 0.453 indicates that after considering the number of independent variables, the model's contribution remains strong at 45.3%. Thus, this research model is in the category of moderate predictive ability, so that the two independent variables have a considerable role in improving the Quality of Audits at Public Accounting Firms in the City of Medan.

Table 12. Testing the Goodness of Fit Model

	Saturated Models	Estimation Model
SRMR	0.064	0.064
d_ULS	0.497	0.497
d_G	0.53	0.53
Chi-Square	176.901	176.901
NFI	0.784	0.784

Based on SRMR, d_ULS, d_G, Chi-Square, and NFI values, the estimated PLS-SEM model shows a good match. An SRMR value of 0.064 indicates that the model has met the fit criteria (< 0.08). An NFI value of 0.784 indicates that the model has a good match to the data. Meanwhile, the consistent d_ULS and d_G values between the saturated model and the estimated model indicate the stability of the model structure. Thus, the PLS model used in the study is acceptable and feasible to proceed to the stage of interpretation of the relationship between variables.

Conclusion

Based on the results of data analysis using the Partial Least Square - Structural Equation Modeling (PLS-SEM) method, the conclusions of the study regarding "The Influence of Professional Ethics and Auditor Expertise on Audit Quality in Public Accounting Firms in Medan City" are as follows:

1. Professional Ethics has a positive and significant effect on Audit Quality
   The test results showed a coefficient value of 0.425, with a T-statistic of 2.324 and a Pvalue of 0.021. This value illustrates that Professional Ethics has a positive and significant influence on Audit Quality. This means that the higher the application of professional ethics by auditors, the higher the quality of the audit produced. The application of the values of integrity, objectivity, professional competence, confidentiality, and professional conduct has proven to be an important factor in producing quality audits.
2. Auditor Expertise has a positive and significant effect on Audit Quality
   The test results showed a coefficient value of 0.368, with a T-statistic of 2.054 and a Pvalue of 0.041. This shows that the Auditor's Expertise has a positive and significant effect on Audit Quality. The higher the auditor's level of expertise that includes technical knowledge, experience, and ability to implement audit procedures, the better the quality of the audit will be. Competent auditors are better able to detect errors and provide the right opinion.
3. The Contribution of Research Models to Moderate Audit Quality Variables

The R-Square value of 0.471 showed that Professional Ethics and Auditor Expertise were able to explain 47.1% of the variation in Audit Quality, while the remaining 52.9% was influenced by other variables outside of this study, such as auditor independence, work experience, KAP quality control system, and audit time pressure. With the RSquare value, this research model has the predictive ability of the moderate category.

4. The PLS-SEM model in this study is appropriate (fit) and acceptable
   The results of the Model Fit test showed an SRMR value of 0.064, smaller than the limit of 0.08, so the model was declared fit. An NFI value of 0.784 also indicates a good model fit. Thus, the structural model used in this study is feasible to use and is able to explain the relationship between variables in the study.

References

[1] Arens, R. J. Elder, and M. S. Beasley, Auditing and Assurance Services: An Integrated Approach, 18th ed. Pearson, 2023.
[2] Y. Fitriani and S. Haryono, "Pengaruh Etika Profesi terhadap Kualitas Audit," Jurnal Akuntansi, vol. 10, no. 2, pp. 55 67, 2022.
[3] S. Indrawati and N. Rahma, "Etika Profesional Auditor dan Dampaknya terhadap Independensi," Jurnal Akuntan Publik, vol. 5, no. 1, pp. 1 12, 2021.
[4] R. Putra and N. Sari, "Kompetensi Auditor dan Pengaruhnya terhadap Kualitas Audit," Jurnal Riset Akuntansi Indonesia, vol. 12, no. 3, pp. 231 240, 2023.
[5] R. Purba, "Pengaruh Etika Profesional Auditor terhadap Kualitas Audit," Jurnal Akuntansi dan Keuangan, vol. 8, no. 1, pp. 14 25, 2021.
[6] R. Franita, "Kompetensi Auditor dalam Meningkatkan Kualitas Audit pada KAP," Jurnal Akuntansi Kontemporer, vol. 7, no. 2, pp. 101 112, 2022.
[7] IAI, Kode Etik Akuntan Indonesia. Jakarta: Ikatan Akuntan Indonesia, 2022.
[8] Keraf, A. S., Etika Bisnis: Tuntutan dan Relevansinya. Jakarta: Kompas, 2019.
[9] Boynton, Johnson, and Kell, Modern Auditing, 12th ed. Wiley, 2020.
[10] IAPI, Standar Profesional Akuntan Publik (SPAP). Jakarta: Institut Akuntan Publik Indonesia, 2022.
[11] J. L. Gibson, J. M. Ivancevich, J. H. Donnelly, and R. Konopaske, Organizations: Behavior, Structure, Processes, 15th ed. McGraw-Hill, 2020.
[12] Christensen et al., "Auditor Expertise and Professional Judgment," International Journal of Auditing, vol. 24, no. 4, pp. 789 804, 2020.
[13] M. Pratama and D. Suryani, "The Influence of Professional Ethics and Auditor Expertise on Audit Quality," Jurnal Akuntansi Indonesia, vol. 11, no. 2, pp. 77 90, 2022.
[14] T. Setiawan, "Competence and Independence Influence on Audit Quality," Jurnal Audit BPK, vol. 15, no. 1, pp. 33 45, 2021.
[15] D. Yuliana and R. Putri, "Professional Ethics as Determinant of Audit Quality," Jurnal Auditor Pemerintah, vol. 6, no. 2, pp. 55 66, 2020.
[16] Wijayanti and M. Arifin, "Auditor Experience and Expertise on Audit Quality," Jurnal Akuntansi Publik, vol. 4, no. 3, pp. 122 134, 2019.
[17] Nugroho, "Professional Ethics and Competence on Audit Quality," Jurnal Akuntansi Sektor Publik, vol. 7, no. 1, pp. 41 52, 2018.
[18] N. Putra and S. Andayani, "Audit Quality, Professional Ethics, and Expertise Influence on Auditor Performance," Jurnal Ilmiah Akuntansi, vol. 14, no. 2, pp. 98 110, 2022.
[19] R. Sari and D. Wijaya, "Professional Ethics and Competence on Auditor Independence," Jurnal Akuntansi Modern, vol. 9, no. 2, pp. 44 58, 2021.
[20] H. Rahmawati, "Auditor Expertise and Professional Ethics on Audit Quality," Jurnal Riset Audit, vol. 5, no. 1, pp. 21 29, 2020.

[21] Nugroho and A. Prasetyo, “Auditor Expertise in Improving Audit Quality,” Jurnal KAP Indonesia, vol. 13, no. 2, pp. 67 75, 2021.
[22] L. Handayani et al., “Professional Ethics and Internal Audit Quality,” Jurnal Manajemen BUMN, vol. 3, no. 1, pp. 88 99, 2022.
[23] S. Lestari and R. Fauzan, “Independence, Professional Ethics, and Auditor Expertise on Audit Quality,” Jurnal Akuntansi & Keuangan, vol. 18, no. 2, pp. 144 156, 2023.
[24] H. Pradana, “Auditor Professional Competence, Expertise and Ethics for Performance,” Jurnal Audit Profesional, vol. 8, no. 1, pp. 30 42, 2022.
[25] L. Yuliani and S. Fadhilah, “Professional Ethics, Independence and Audit Quality,” Jurnal Ilmu Audit, vol. 4, no. 1, pp. 66 78, 2021.
[26] Squirting, “Auditor Expertise, Audit Experience, and Professional Ethics on Audit Quality,” Jurnal Akuntansi Terapan, vol. 10, no. 1, pp. 55 69, 2023.
[27] [27] A. Ramadan and P. Putri, “Professional Ethics and Auditor Expertise in Suppressing Audit Errors,” Jurnal Ilmiah Audit, vol. 6, no. 2, pp. 80 92, 2020.
[28] Sugiyono, Metode Penelitian Kuantitatif. Bandung: Alfabeta, 2022.
[29] J. Creswell and D. Creswell, Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, 6th ed. SAGE, 2018.
[30] J. Hair et al., Multivariate Data Analysis, 9th ed. Pearson, 2022.