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The Effect of Audit Fee and Audit Tenure on Audit Quality of Public Accounting Firms in Makassar with Auditor Independence as a Mediating Variable

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ABSTRACT

This study aims at finding the effect performed by audit fees and audit tenures on audit quality mediated by auditor independence. This study applies a quantitative research method. The population in this study covers seven public accounting firms covering 61 auditors willing to fill out the questionnaires. The analytical technique used in this study is path analysis. The results of this study indicate that audit fee has a negative and significant effect on audit quality and auditor independence. The audit tenure positively and significantly affects audit quality and audit independence. Auditor independence mediates the audit fees on audit quality. In addition, auditor independence mediates audit tenure on audit quality.

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1. INTRODUCTION

An audit is a form of attestation or assurance service. An auditor prepares and publishes a written report determining whether or not the properly prepared and presented financial statements are under applicable accounting standards (Arens et al. 2016). One of the elements importantly needed in conducting an audit is the company's financial statements. The company's financial statements must go through a professional auditing process or an auditor to provide reasonable assurance so that the financial statements are free from misstatement (Rahmina and Agoes, 2014). The weak role of external auditors in providing quality audit reports indicates an increase in fraudulent financial statements (Hapsoro and Santoso, 2018).

Agency theory explains the existence of a conflict between managers as agents and owners (principals). It is the correlation existence of an agency when a contract occurs between one party, namely the owner (principal), and another party, namely the manager (agent). It is through requesting an accountability report from the agent (manager). Unfortunately, what happens is that management takes action by making its financial statements that look good so that its performance is considered "good" by the owner (principal). Concerning fraud reduction committed and to make better financial statements (trustworthy), testing by management is needed. An independent party can manage the test, namely an independent auditor (Messier et al., 2014:6-7). Users of financial statement information will consider the opinion of a credible auditor, which functions to provide better information to inform users because it can reduce information asymmetry between the management and the owner. Agency theory is to help the auditor as a third party in understanding the conflicts of interest that arise between the principal and the agent. Principals as investors cooperate and sign work contracts with agents as company management to invest their finances. The existence of an independent auditor helps avoid fraud in making financial reports usually done by management. It also evaluates the performance of agents. It results in a system of relevant information needed by investors, creditors, and other interested parties. It functions in making rational decisions for investment.

Today, the number of Public Accounting Firms in Indonesia in 2020 is 633 firms (Directory of Indonesian Institute of Public Accountants, 2021). That high number of public accounting firms remain with many problems due to poor audit quality. Sometimes the audit results published by Public Accounting Firms are unqualified (unqualified opinion) and still face many troubles that harm stakeholders. For example, public accountants are unable to detect the financial and managerial cases leading to a fine for the company by Capital Market Supervisory Agency (Christiawan, 2002).

In another case in 2015, Toshiba faced inflated revenues in the last seven years by 1.2 billion US dollars. It shows that Toshiba's external auditors could not find any accounting fraud practices performed by Toshiba's management. That case indicates that a public accountant must be of higher quality in providing audit service. Vanstraelen (2012) states that audit quality is one of the crucial issues faced by the audit profession. Audit quality aims to increase the credibility of financial statements and reduce the risk of providing non-credible information to users of financial statements, especially investors (Mgbame, Eragbhe, and Osazuwa, 2012).

Audit quality is a probability of an auditor finding material misstatements in the client's financial statements. It honestly reports material errors, misrepresentations, or omissions in the client's financial statements by the (independent) auditor's audit report

(Deangelo,1981). Audit quality is the auditor's ability to detect and report misstatements in the audited financial statements (MALIŠ and BROZOVIĆ Mateja, 2019). Knachel and Vanstraelen (2007) define audit quality as a combination of a systematic and good audit process (by generally accepted auditing standards). It has a high-quality auditor assessment (skepticism and professional judgment) used by competent and independent auditors in implementing the audit process to produce quality audits.

Many factors affect audit quality. Research by Rahmina and Agoes (2014) states that audit fees significantly influence audit quality. Although it is different from the other researches (Cho, Kwon, and Krishnan, 2020; Senjaya and Firnanti, 2017) that it's no significant correlation between audit fees and audit quality. In addition, audit tenure also significantly affects audit quality (Corbella et al. (2015), Rahmina and Agoes (2014), and Senjaya and Firnanti (2017). Although the correlation is negative (Payne and Williamson, 2021), Mgbame, Eragbhe, and Osazuwa (2012) reveal a negative correlation between audit tenure and audit quality, even though the variable is insignificant. Likewise, auditor independence, one of the factors, has a significant effect on audit quality (Senjaya and Firnanti, 2017. By contrast, it is different from the research conducted by Mardijuwono and Subianto (2018). It means that auditor independence has no significant influence on audit quality.

The research result inconsistency and the existence of problems in audit cases illustrate the significance of this study in measuring the effect of audit fees and audit tenure on audit quality with auditor independence as a mediating variable. The researcher has not found any studies that measure these variables similarly. The researcher has not found any similar test in the South Sulawesi region, especially Makassar City. The study aims at finding and analyzing the direct effects of audit fees, audit tenure, and auditor independence on audit quality. It also aims at finding and analyzing the indirect effects of audit fees and audit tenure on audit quality.

2. METHODS

Hypotheses Development

The Correlation of Audit Fee with Audit Quality

Gammal (2012) and Kurniasih (2014) explain that an audit fee can be defined as the number of fees (wages) charged by the auditor for the audit process to the company (auditee). The determination of the audit fee is usually based on the existing contract between the auditor and the auditee that follows the time of the audit process, services, and the number of staff required for the audit process. Audit fees are commonly determined before starting the audit process. Scott (2012) argues that a rational manager will not choose a high-quality auditor and a high fee payment if the company's characteristics are not good. A high-quality auditor will be able to detect the company's weak characteristics and convey them to the public. Based on Arisinta (2013) and Rahmina and Agoes (2014), it is stated that audit fees affect audit quality.

H1: audit fee has a significant effect on audit quality

The Correlation of the Audit Tenure with Audit Quality

The Decree of the Minister of Finance of the Republic of Indonesia through Government Regulation No. 20 of 2015 contains the "Practice of Public Accountants". It states that the provision of audit services to an entity by a Public Accountant is limited to a maximum of 5 (five) consecutive financial years. It can provide audit services again after 2 (two) consecutive financial years with no provision of such service (cooling off). Johnson et al. (2002:

640) state that the Audit Tenure is the length of time the auditor has successively performed audit work on a company. The longer the engagement period, the lower the audit quality. On the other hand, a short audit engagement period will increase audit quality. It is supported by Margi Kurniasih (2014) and Payne and Williamson (2021). They argue that there is a negative influence shown by audit tenure on audit quality. Some findings (Corbella et al., 2015; Rahmina and Agoes, 2014; Senjaya and Firnanti, 2017) state that audit tenure has a significant effect on audit quality.

H2: audit tenure has a significant effect on audit quality

The Correlation of Auditor Independence with Audit Quality

Arens et al. (2014) state that independence is an impartial perspective in implementing audit testing, evaluating examination results, and preparing audit reports. In the research conducted by Ika & Wibowo (2011), to be recognized as independent, public accountants should not only be objective and impartial. They also must avoid situations leading to the loss of public confidence in their attitude. The goal of being independent is that public accountants can provide an objective and fair opinion on the financial statements of clients. It is not to mislead users of financial statements. The lack of independence will reduce audit quality. It can make audit reports different from reality and raise doubts in decision-making (Meidawati and Assidiqi, 2019). An independent attitude is required in the auditor profession. The profession provides audit services addressed to users of financial statements. It then becomes one of the most significant factors to assess the quality of the audit services performed. Ardini (2010) proves that auditor independence affects audit quality. Senjaya and Firnanti (2017), Murti and Firmansyah (2017), Kristianto, Ramadhanti and Bawono (2020), Olivia and Setiawan (2019) Arisinta (2013), Putri et al. (2015), and Shintya et al. (2016) all agree that independence has a positive effect on audit quality.

H3: auditor independence has a significant effect on audit quality

The Correlation of Audit Fee with Auditor Independence

Two Sections cover the responsibilities of accountants with their clients, namely Section 300 discusses rules of ethics for public accountants, while Section 302 regulates the determination of honorarium or professional fees for services rendered to clients. Section 302 consists of two provisions, the number of fees and contingent fees. Public accountant fees may vary depending on, among other things, the risk of the assignment, the complexity of the services provided, the level of expertise required to perform those services, the structure of fee a Public Accountant Firm concerns, and other professional considerations. The Public Accountant Firm members are not allowed to get clients by offering fees that can damage the professional image of a public accountant. The audit fee received by a public accountant firm from a particular auditee may constitute a large portion of the accountant's total income (Laurensius, 2016). Audit fees harm auditor independence mentioned in the research conducted by Laurensius (2016).

H4: audit fee has a significant effect on auditor independence

H6: auditor independence can mediate an audit fee on audit quality

The Correlation of the Audit Tenure with Auditor Independence

Due to a case of an auditor completing his duties for more than five consecutive years, there will be indirect harm to auditor independence. The longer the auditor's relationship with the client, the stronger the emotional bond. If this happens, an auditor ideally independent in giving opinions tends to be less independent. Some parties consider that long

and continuous audit assignments can result in the lack of independence of public accountants. A report of the Metchaf Committee (US Senate 1976) reveals that a long-standing relationship between the company and the Public Accountant Firms will lead to a close attachment to other management interests. The independent actions by the Public Accountant Firms will truly be difficult. In addition to creating a more closed relationship and paying more attention to the interests of the auditee, the audit assignments on auditees for a lengthier period may also encourage public accountants to have no innovation, quickly feel satisfied, and less strictly carry out the audit procedures. Those situations also encourage public accountants to lose their independence. The audit tenure has a significant effect on auditor independence (Novitasari, 2015 and Laurensius, 2016).

H5: audit tenure has a significant effect on auditor independence

H7: auditor independence can mediate audit tenure on audit quality

Concerning the descriptions, the research model is as follows:

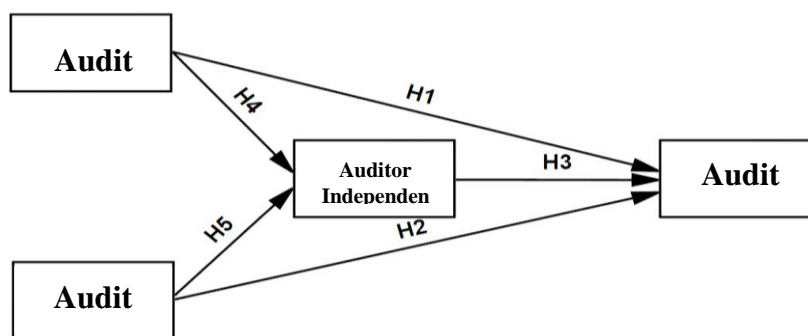


Figure 1. Research Model

The population in this study includes all staff auditors, both partners, senior and junior auditors at the Public Accounting Firms in Makassar. The researcher spreads 70 questionnaires to 7 Public Accounting Firms, and the sample of this study covers 61 auditors as the respondents filling out the questionnaire's items). The population and sample are presented in the following table:

Table 1. Research Population and Sample

No.	Public Accountant Firms	Number of questionnaires distributed	Number of auditors filling out questionnaires
1	PAF of Drs. Thomas, Blasius, Widartoyo & Partners (Cab)	15	15
2	PAF of Usman & Partners (Cab)	10	7
3	PAF of Rusman Thoeng, M.Com, BAP	7	6
4	PAF of Mansyur Sain & Partners	10	10
5	PAF of Richard Risambessy & Partners	8	6
6	PAF of Drs. Harly Weku & Partners	10	10
7	PAF of Yakub Ratan, CPA	10	7
Total Auditor		70	61

Source: Primary Data Processed, 2021

This type of research is quantitative. It is a process that allows researchers to build hypotheses and empirically test them. The data sources employed in this study consist of primary data and secondary data. The primary data are directly obtained at the research site using a questionnaire. The secondary data collection technique uses the documentation method to get or find out something by looking at books, articles or notes, literature, and journals related to the problems discussed and supporting the implementation of research.

The instruments used in this study are processed with the help of the IBM SPSS 2, a statistics software program for windows. Before testing the hypotheses, it first tests the instruments. This test is conducted to determine whether the instruments used are valid and reliable. If so, it is worthy of further testing. The researcher then constructs a hypothesis test in the study. The hypothesis test used in this study includes the t-test (partial test) and the mediating effect test (Path analysis and Sobel test). Path Analysis is the extension of multiple regression analysis. The path analysis in regression analysis is used to estimate the causality correlation between variables previously determined based on theory. The path coefficient is a standardized regression coefficient (Ghozali, 2013). The Sobel test is for testing the strength of the indirect effect of the independent variable (X) on the dependent variable (Y) through the intervening variable (M).

3. RESULTS AND DISCUSSION

Results

Data Instrument Test Results

Instrument testing is used to test the validity and reliability of the instrument that is prepared to determine whether or not it is worthy of being used as a research measuring tool. The validity test can be observed in the Output Correlations, in the column of Corrected Item Total Correlation. The basis of decision-making is by comparing the value of r-count with r-table. The value of the r-table can be seen at a significance value at 0.05 with a two-sided test. The initial data (n) is 61, df is n-2, and the r-table is 0.252.

The validity test of the 15 instruments indicates that all the questions or research indicators are valid. While the reliability calculation is described in the output of Cronbach's Alpha. A questionnaire is considered reliable if Cronbach's alpha is greater than 0.70 (> 0.70). The results of the reliability test in the following table indicate that all variables obtain a greater Cronbach's alpha coefficient than 0.70. It means that all questionnaire items are declared reliable. The results of the validity and reliability tests are as follows.

Table 3. Results of Validity Test and Reliability Test

Variables	Indicators	Corrected Item-Total (r_{count})	r_{table}	Validity	Cronbach's Alpha	Critical Value	Information
Audit Fee	FA1	0,879	0,252	valid	0,856	0,70	reliable
	FA2	0,874	0,252	valid			
	FA3	0,887	0,252	valid			
Audit Tenure	TA1	0,702	0,252	valid	0,793	0,70	reliable
	TA2	0,761	0,252	valid			
	TA3	0,759	0,252	valid			
Auditor Independence	IA1	0,838	0,252	valid	0,819	0,70	reliable
	IA2	0,801	0,252	valid			
	IA3	0,824	0,252	valid			
	IA4	0,805	0,252	valid			

Audit Quality	KA1	0,629	0,252	valid	0,726	0,70	reliable
	KA2	0,629	0,252	valid			
	KA3	0,629	0,252	valid			
	KA4	0,629	0,252	valid			
	KA5	0,629	0,252	valid			

Source: Primary data processed, 2021

Coefficient of Determination Test (R²)

The coefficient of determination test is used to measure the extent to which the ability of the regression model to explain the dependent variable.

Table 4. Results of the Coefficient of Determination I

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721 ^a	.520	.504	1.845

a. Dependent Variable: IA

b. Predictors: (Constant), TA, FA

Source: Primary data processed, 2021

Based on the results of the coefficient of determination test in Table 4, it indicates an obtained R-square value of 0.520 which means that the proportion of the effect of the Audit Fee and Audit Tenure variables on the Independent Auditor is 52%, while the remaining 48% is affected by other factors not examined in this study.

Table 5. Results of the Coefficient of Determination II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857 ^a	.735	.721	1.264

a. Dependent Variable: KA

b. Predictors: (Constant), IA, TA, FA

Source: Primary data processed, 2021

The coefficient of determination test in table 5 results in the R-square value of 0.735. The effect of Audit Fee, Audit Tenure, and Auditor Independence on Audit Quality has a proportion of 73.5%. The remaining 26.5% is affected by other factors uninvestigated in this study.

F test

The F test has the function to test whether all the independent variables included in the model have a joint or simultaneous effect on the dependent variable. Based on the data in Table 6, the value of f-count is 31,460 with f-table 2.76, which means that f-count is greater than f-table. The p-value (sig.) of 0.000 is compared with a significance level of 0.05, which

indicates a smaller value. The Regression I model used is correct, namely the Audit Fee and Audit Tenure variables simultaneously affect the Independent Auditor.

Table 6. F Regression Test Results I

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	214.279	2	107.139	31.460	.000b
	Residual	197.525	58	3.406		
	Total	411.803	60			

a. Dependent Variable: IA

b. Predictors: (Constant), TA, FA

Source: Primary data processed, 2021

The information in Table 7 illustrates that the f-count has a value of 52.594, with f-table 2.76, which means that f-count is greater than f-table. If the p-value (sig.) 0.000 is compared to a significance level of 0.05, it is categorized smaller. The Regression II model functioned is correct, namely the variables of Audit Fee, Audit Tenure, and Independent Auditor simultaneously affect Audit Quality.

Table 7. Results of Regression II F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	252.081	3	84.027	52.594	.000b
	Residual	91.067	57	1.598		
	Total	343.148	60			

a. Dependent Variable: KA

b. Predictors: (Constant), IA, TA, FA

Source: Primary data processed, 2021

Partial Test (t-Test)

The t-test shows to what extent the effect of an independent variable individually explains the variation of the dependent variable. The decision-making for the t-test for the first equation has the basis on a comparison of the predetermined significance value, namely with a significance level of 0.05 and df (59), then the t-table value is 1.671. The results of the t-test in this study are as follows:

Table 8. Results of t-test of Equation I
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.416	2.839		5.430	.000
	FA	-.466	.106	-.459	-4.406	.000
	TA	.574	.159	.377	3.616	.001

a. Dependent Variable: IA

Source: Primary data processed, 2021

Based on Table 8 in the previous part, hypothesis testing are applicable for each independent variable as follows:

a. Effect of Audit Fee (X1)

Based on the results of the t-test analysis, the t-count for the X1 variable is -4,406, and the t-table is 1,671. It illustrates that the t-count value is smaller than the t-table. The p-value (sig.) indicates $0.000 < (0.05)$. It means that H0 is rejected, and H1 is accepted, which means that partially Audit Fee (X1) has a negative and significant effect on Auditor Independence (Y).

b. Effect of Audit Tenure (X2)

The t-test analysis indicates that the t-count for the X2 variable is 3.616 with the t-table at 1.671, so the t-count value is greater than the t-table. The p-value (sig.) indicates $0.001 < (0.05)$. Based on these results, H0 is rejected, and H1 is accepted, which means that Audit Tenure (X2) has a positive and significant effect on Auditor Independence (Y).

The decision-making for the second equation t-test has the basis on a comparison of the predetermined significance value also, namely with a significance level of 0.05 and df (59), then the t-table value is 1.671.

Table 9. Results of t-test of Equation II

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.363	2.388		5.596	.000
	FA	-.299	.084	-.322	-3.573	.001
	TA	.332	.120	.238	2.757	.008
	IA	.400	.090	.438	4.449	.000

a. Dependent Variable: KA

Source: Primary data processed, 2021

Based on Table 9, it is possible to test the hypothesis for each independent variable as follows:

a. Effect of Audit Fee (X1)

Based on the results of the t-test analysis, the t-count for the X1 variable is -3.573 with t-table = 1.671. The t-count value is smaller than the t-table, while the p-value (sig.) is 0.001

< (0.05). Based on these results, H0 is rejected, and H1 is accepted, which means partially Audit Fee (X1) has a negative and significant effect on Audit Quality (Z).

b. Effect of Audit Tenure (X2)

Based on the results of the t-test analysis, the t-count for the X2 variable has 2,757, so the t-count is greater than the t-table = 1,671. The p-value (sig.) is 0.008 < (0.05). Based on these results, H0 is rejected, and H1 is accepted, which means that Audit Tenure (X2) partially has a positive and insignificant effect on Audit Quality (Z).

c. Effect of Auditor Independence (Y)

Based on the results of the t-test analysis, it signifies that the t-count for the Y variable is 4.449, so the t-count is greater than the t-table at 1.671. The p-value (sig.) is 0.000 < (0.05). Based on these results, H0 is rejected, and H1 is accepted, which means that partially Auditor Independence (Y) has a positive and significant effect on Audit Quality (Z).

Path Analysis Test Results

This study uses Path Analysis to analyze data, an extension of multiple linear regression analysis to test the causal correlation of two or more variables. The analysis results determining the structural equation I and structural equation II with Path Analysis are as follows.

Based on the results of the Sub-Structural Analysis I presented in Table 8, the structural equation is as follows.

$$Y = 1X1 + 2X2 + 3X3 + e1$$

$$Y = -0.466 X1 + 0.574 X2 + 0.480$$

The results of Sub-structural Analysis II, the structural equations are as follows:

$$Z = 1X1 + 2X2 + 3Y+ e2$$

$$Z = -0.299 X1 + 0.332 X2 + 0.400 Y+ 0.265$$

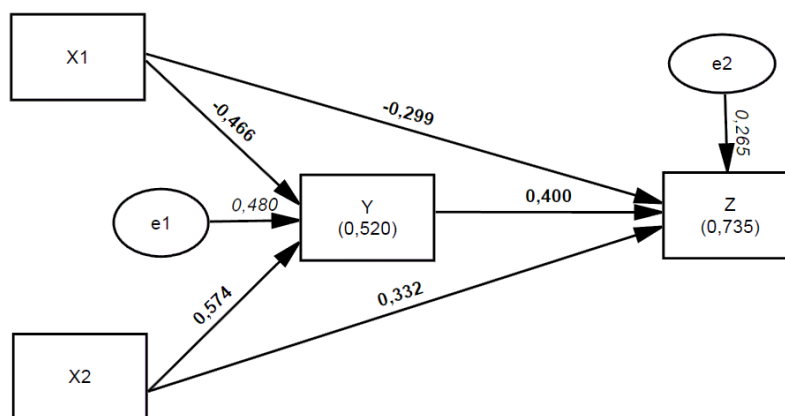


Figure 2. Path Analysis Diagram
(Source: Primary data processed, 2021)

a. Equation I, the mediating correlation between Audit Fee and Audit Quality through Auditor Independence.

The results of the Path Analysis illustrate that the Audit Fee has a direct effect on Audit Quality by -0.299. Meanwhile, the indirect effect through the variable of auditor independence can be calculated by multiplying the indirect coefficient, which is -0.466 x

$0.400 = -0.186$. The total effect of Audit Fee on Audit Quality is $(-0.186) + (-0.299) = -0.485$.

- b. Equation II, the correlation between Audit Tenure and Audit Quality mediated through Auditor Independence.

The results of the Path Analysis show that the Audit Tenure has a direct effect on Audit Quality by 0.33. The indirect effect mediated by Auditor Independence results in a calculation by shifting the indirect coefficient, which is $0.574 \times 0.400 = 0.230$. The effect of the Audit Tenure on Audit Quality indicates $(0.230) + (0.332) = 0.562$.

DISCUSSION

Audit Fee, Audit Tenure, and Auditor Independence on Audit Quality

Based on the analysis in the study, audit fee has a negative and significant effect on audit quality. It means that the greater the reward given to the auditor for the audit process carried out on the client, the more negative the effect on the quality of the audit produced by the auditor. The higher the Audit Fee, the lower the Audit Quality. If the audit fee is high, the auditor tends to conduct an audit with unoptimized audit procedures. With non-optimal audit results, the resulting audit quality can bring about doubts of the interested parties. This result has the point of Choi, Kim, and Zang (2010) stating that Audit Fee is negatively related to Audit Quality.

The analysis in this study proves that the Audit Tenure has a positive and significant effect on Audit Quality, which means that the longer the audit of the client's financial statements, the higher the quality of the audit results produced. This study supports research done by Hapsoro and Santoso (2018) describing that Audit Tenure has a positive effect on Audit Quality. However, Rahmina and Agoes (2014) state different perceptions by saying that there is no significant effect of Audit Tenure on Audit Quality.

Concerning statistical calculations, it illustrates that Auditor Independence has a positive and significant effect on Audit Quality. The analysis in this study shows shared ideas in Restiyani (2014) that partially, Auditor Independence has a positive effect on Audit Quality. It also agrees with the research by Krisnawati (2012) and Nur'aini (2013), as well as Momon et al. (2018). They all state that Auditor Independence has a positive effect on Audit Quality. It means that a quality audit has a mental attitude that is free from influences, is not controlled by other parties, and does not depend on others in conducting the audit.

Audit Fee and Audit Tenure on Auditor Independence

Based on statistical calculations, there is a point that Audit Fee has a negative and significant effect on Auditor Independence. It has the meaning that the higher the reward is given to the auditor for the audit process he or she does, the lower the Auditor Independence in conducting the audit process. The amount of the Audit Fee affects Auditor Independence in examining the client's financial statements. It backs up the research conducted by Laurensius (2016) stating that the higher the Audit Fee received by a PAF, the more reduced the Auditor Independence.

By observing the statistical calculations, the indication is that Audit Tenure has a positive and significant effect on Auditor Independence. The point is that the longer the audit of the client's financial statements, the higher the Auditor Independence. However, the length of the audit relationship with the client is based on the Security and Exchange Commission (SEC). It classifies the length of assignment of a public accountant to a particular client into two, namely less than five years and more than five years (Shockley in Simatupang, 2014: 48 - 49). The companies with more than five years of audit relationship are considered

to be able to negatively affect the independence of public accountants because of the long period of a relationship. This study agrees with Novitasari and Kurnia (2015) They state that the length of the audit relationship with the client has a positive effect on Auditor Independence. It shows that the longer the working relationship existing between the auditor and the client, the more increased the Auditor Independence.

Auditor Independence Can Mediate Audit Fee and Audit Tenure on Audit Quality

Based on the results of Path Analysis, it shows that Auditor Independence can mediate the effect of Audit Fee on Audit Quality with a value of -0.186 (-18.6%). It means that the hypothesis that the Auditor Independence mediating the Audit Fee on Audit Quality is accepted. The greater the reward is given to the auditor for the audit process he performs, the lower the Auditor Independence. It leads to the low quality of the audit done.

The analysis also indicates that Auditor Independence can mediate the Audit Tenure on Audit Quality with a value of effect at 0.230 (23%). It means that the hypothesis saying that the Auditor Independence mediating the Audit Tenure on Audit Quality is accepted. The longer the audit of the client's financial statements, the higher the level of Auditor Independence. It manages to have an impact on the high Audit Quality resulted.

4. CONCLUSION

The t-test indicates that the Audit Fee has a negative and significant effect on Audit Quality. Audit Tenure and Auditor Independence perform a positive and significant effect on Audit Quality. Audit Fee produces a negative and significant effect on Auditor Independence. Audit Tenure results in a positive and significant effect on Auditor Independence. It also shows that Auditor Independence can mediate the Audit Fee correlated with the Audit Quality well. Auditor Independence can perfectly mediate the Audit Tenure on Audit Quality.

5. AUTHORS' NOTE

The authors declare that there is no conflict of interest regarding the publication of this article. Authors confirmed that the paper was free of plagiarism.

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