

Effect of Audit Rotation, Audit Fee and Auditor Competence to Motivation Auditor and Implications on Audit Quality (Case Study of Registered Public Accountant Firms at Bank Indonesia)

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Abstract

The purposes of this research are to analyze and to learn: (1) the correlation between audit rotation, audit fee and auditor competence, (2) Influence of audit rotation, audit fee and auditor competence on auditor motivation both simultaneously and partially, and (3) the influence of audit rotation, audit fee, auditor competence and auditor motivation on audit quality both simultaneously and partially. This study uses an explanatory research methods, conducted on 103 Public Accountant Firms (PAF) registered at Bank Indonesia as the unit of analysis, while the unit of observation is a partner and manager. The primary data is used and collected by a research questionnaires containing instruments for measurement interval scale. Its distribution must be first evaluated the validity and reliability testing before hypothesis. The analysis of data used Path Analysis and evaluate the hypothesis testing by using Lisrel software. 8.7. The result of this study indicates: (1) there is correlation between audit rotation, audit fee and auditor competence, (2) audit rotation, audit fee and auditor competence influence to auditor motivation both simultaneously and partially, and (3) audit rotation, audit fee, auditor competence and auditor motivation influence on audit quality both simultaneously and partially.

Keywords: audit rotation, audit fee, auditor competence, auditor motivation and audit quality.

1. Introduction

The economy of a country can distribute public funds into productive ventures which operate efficiently, hence the economy provides reliable financial information, which allows investors decide to invest their funds into a more efficient business. Profession of Public accountant is responsible for assessing the reliability of business's financial statement, therefore the public obtains reliable financial information as a basis for deciding the allocation of economic resources. Rosita (2007) Auditor performance is not merely influenced by one factor. He can have a strong motivation over his job, but he do not have enough knowledge and skills appropriate to the job, or there is not a harmonious relationship among co-workers together, which will allow resulted in the formation of an unpleasant working environment for themselves which can lead to low performance of the employees. For example, an auditor has adequate knowledge as an auditor, has a good relationship with all co-workers, but he is not satisfied with the compensation he receives, which is why he does not have a motivation to finish the job, or an auditor has sufficient knowledge, but he does not have the motivation to finish the job which leads produced low-audit quality.

The case of banking fraud occurs continuously makes Bank Indonesia (BI) requested all improvements in the supervision and banking standard operating procedures, including banking supervision by a public accountant firm (PAF). According to Halim Alam (2011), Firm should report the findings in the form of weaknesses of the bank's management, hence the case of misappropriation of customer funds can be prevented and BI will provide recommendations to the Institute of Capital Market Supervisory Agency (Bapepam-LK) to provide sanctions against proven PAF which not carry out their duties professionally.

This study aspires to a good audit quality can be achieved when the all public accountants have high motivation in consistently applying the rules of audit rotation, setting audit fee based on the Code of Indonesian Accountants (SPAP, 2011) and having sufficient competence. Thus, the need for research to provide empirical evidence about the influence and linkages between these variables.

2. Literature Review

Achievement of expertise begins with formal education, which further expanded through experience in audit practice. In addition, Public Accountant must undergo adequate technical training covers technical aspects as well as general education. Junior assistant to attain professional competence must gain experiences by getting adequate supervision and review of the work of more experienced superiors. Public accountant must continuously follow developments in business and profession. Public accountants must learn, understand and apply the new provisions in the accounting principles and auditing standards established by professional organizations (Sukrisno Agoes 2007).

2.1.1 Audit rotation.

According to Arens et al (2012: 136), argued the definition of audit rotation as follows: "As required by the Sarbanes-Oxley Act, the SEC independence rules require the lead and concurring audit partners to rotate off an audit engagement after five years. (The concurring audit partner is not INVOLVED with the actual performance of the audits and reviews the work at the completion of the audit). Although not addressed in the Sarbanes-Oxley Act, the SEC requires a five-year "time-out" for the lead and concurring partners after rotation before they can return to that audit client. Additional significant involvement with the audit partners on the audit must rotate after seven years and are subject to a two-year time-out period. "

Hoyle (1978) stated that the idea of auditors was first discussed and introduced in 1976, auditor rotation is classified in mandatory or voluntary rotation. Furthermore, Hoyle (2008) said that *mandatory* rotation requires entity must replace PAF in periods, while *voluntary* allows entity replace PAF are based on management's desire with no time needed. Imhof (2003) stated that to resolve the issue of independence of PAF requires *mandatory* audit rotation. Furthermore, Imhof (2003) suggested that the audit rotation every three years to become one of the most effective ways to increase independence. Davis *et al* (2008) stated that *mandatory* rotation would increase costs for both public accounting firm and client when a Public Accountant engage with new client, the first year the costs to finish the results of Public Accountant Firm will be greater because Public Accountant Firm must plan their work from the beginning. Brody and Mascove (1998) stated that the relationship PAF - client continuously extended, would bring routine audit work be too, which will ultimately affect the competence of auditors. Hoyle (1978) argued that there are two basic arguments that *mandatory* rotation is generally as follows: (1) the quality and competence of audit work tends to decrease significantly over time, (2) the auditor independence can be broken by length of relationship with management. AICPA (1992) stated that the idea to limit the audit assignment and turn in a Public Accountant and Certified Public Accountants will bring improvements to the competence of Certified Public Accountants, since auditors will gain a new experience of an enterprise as a result of the existence of these rules. Behnet *et al* (1999) research results indicate the existence of a significant relationship between client satisfaction with the competence of auditors and audit fees. Stanley and DeZoort (2007) also found that the competence of auditors are positively related to audit fees. Boo and Koh (2004) research results show that in the audit environment, audit fees often associated with this relationship auditor competence and reciprocally interrelated. Based on the description above, the hypothesis can be formulated as follows:

2.1.2. Audit Fees.

According to Siegel and Shin (1996), argued that audit fees is as follows: "Audit fees are fees charged to clients for Services Offered public accountant for audit services, where the cost is related to the monetary value of the services and professional payment is applied to the basic time or hour ". Meanwhile, according to De Angelo (1981), the definition of audit fees is as follows: "Audit fee is one of the factors that Affect audit quality by considering several factors in the audit assignment, such as: the size of the client company (Client size), the complexity faced by auditors audit services (Audit complexity), the risk faced by auditors of audit clients (Audit risk) , famous Free public accounting firm that performs audit services (The Eighth big auditor) .

Cheng (2002) research results indicated that environmental factors (regulatory) such as audit rotation affect the motivation to perform the audit. Lowenshon and Collins (2007) research results showed that using changes in accounting standards, changes in auditing standards and the change of audit engagement as an indicator in his research. Lowenshon and Collins (2007) found a negative effect on turnover PAF to motivation. Mardiasmo (2006) research results showed that the positive effect on auditor motivation due to regulation. Wanouset *et al* (1983) showed an irrefutable, the audit fee is one of the factors an auditor to carry out the work. Srinidhi and Gul (2006) stated that the audit fee is a fee paid by the client to the public accountant to compensate for audit services. Herackiewicz *et al* (1985) found that a high degree of competence will positively affect motivation. Elangovan and Xie (1999) found that expertise affect a positive on motivation in work. Good and Stone (1999) found that skills positively affect motivation. Eskildsen *et al* (2003) found that there are significant between education level and motivation. Minbaeva (2008) found that there is positive between knowledge and intrinsic motivation on someone at work. Based on the description above, the hypothesis can be formulated as follows:

2.1.3. Auditor competence.

According to Arens., Et al (2012), suggests the definition of competence is as follows: "Competence is having the knowledge and skills required for a particular task or function and the ability to apply them." Cheng et al (2002) provide a definition of competence of auditors is as follows: "competence of the auditor is a person who has knowledge (Education, skills and experience) and the attitudes and ethical behavior in the work, so that the competency of a person is Able to show an achievement".

Jackson *et al* (2008) research findings indicate that audit quality increases through the replacement of

public accountant firms. Hun & Chee (2009) research results showed that there is a benefit in improving the audit quality come from *mandatory* rotation. Wuchun *et al* (2005) research results showed that the audit rotation promotes the audit quality. Thus the results of research Jeon *et al* (2004) concluded that auditor rotation proved to improve audit quality and thus can enhance the credibility of financial reporting. Raiborn *et al* (2006) research results showed that audit rotation will improve the performance of public accountant firm, because they know that sometime in the future their work will be reviewed by other Public Accountant Firms or Public Accountants, when they are rotated after a certain period of time. Robert *et al* (2007) showed that the effect of replacement of auditor to the increase or the decrease on audit quality. Copley *et al* (1984) research results showed that audit fee has positive effect on offering of audit quality and linked to demands of audit quality. Elitzur and Falk (1996) in his research found that the greater fees for public accountants, the higher audit quality on financial information is presented to the user.

Hoitash *et al* (2007) research result shows the influence of the audit fee to audit quality with a wide range of additional tests and some alternative design specifications. Lowenshon *et al* (2007) conducted a study regarding the specialization of auditors, audit quality and audit fees. The results of his research found a positive effects between audit fees on audit quality. Jeong *et al* (2010) found that there was no significant relationship between the audit quality and audit fee. Carcello *et al* (1992) research findings indicated that factors such as experience, *industry expertise*, *responsiveness* and compliance with GAAS effect on audit quality. Aldhizer *et al* (1995) and Hay and Davis (2002) revealed that the knowledge of an auditor would improve audit quality. Flaming Research (2002) tested the hypothesis regarding the audit quality were divided so the components of competence and objectivity of the auditor. Results Behn *et al* study (1999) and Samelson *et al* (2006) found that the skill of an auditor will affect audit quality produced. Siegel and Marconi (1989) stated motivation is a key trigger in supporting and directing behavior. Subsequently Siegel and Marconi (1989) stated that motivation is an important concept in accountant or auditor's behavior because of the effectiveness of the organization depends on the people performing the task as expected. Becker (1997) stated that intrinsic auditor motivation will have an impact on the quality of their work.

2.1.4. Auditor Motivation.

According to Stephen P. Robbins, *et al* (2011), gave the definition of motivation is as follows: "Motivation as the processes that account for an individual's intensity, direction. And persistence of effort toward attaining a goal. "

According to Richard L. Daff (2011:200), argued that motivation is as follows: "Motivation as the forces either internal or external to a person that arouse enthusiasm and persistence to pursue a certain course of action. Intrinsic Rewards are the internal satisfactions a person receives in the process of performing a particular action. Extrinsic Rewards are rewards given by another person, typically a supervisor, such as pay increases and promotions. "

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2.1.5. Audit quality.

According to Arens *et al* (2012), provides a definition of audit quality are as follows: "Audit quality is how well an audit detects and reports of material misstatements in the financial statements. The detection aspect he competitive reflection of auditors, while reporting is a reflection of the auditor's ethics or integrity, particularly independence. "

DeAngelo (1981), argued that the definition of audit quality as follows: "Audit quality is defined as the probability that on the auditor will both discover material misstatements in the client's financial statements (competence) and truthfully report such material errors, misrepresentation, or omissions in the client's financial statements in the auditor's audit report (independence)."

Herbach (2001) stated that the difference between the auditor's motivations to work will have an impact on the audit quality and it is a critical factor for auditors to be able to survive in the long term. His study found that motivational effect on audit quality to improve audit performance. Miller and Ramsay (2006) found that motivation affects auditors to improve audit performance. Mathis & Jackson (2004) found that the main factors affecting the performance of the individual is the level of effort expended (motivation) and the results of its research found that motivation has a positive effect on audit quality.

3. Method of Analysis

3.1. Population and Sampling Techniques

In this study, the target population (*target population*) are whole PAF registered in Bank Indonesia. Based on the

data obtained by Bank Indonesia as of August 2011, the firm is registered in the Bank of Indonesia located in DKI Jakarta province is as much as 138 PAF, it is based on the bank's operational headquarters is largely located in the DKI Jakarta Province and financial statements are examined and evaluated by the auditor were consolidated financial statements. And the unit of analysis in this study is the firm, while the unit of observation is the auditor who becomes a partner and manager in theregistered Firmat Bank Indonesia. In this study the unit of analysis is the firm, then the firm as well as sample. The technique of sampling in this study using proportional random *sampling* is modified (*altered proportional random sampling*) according to respondents to the questionnaire were distributed. Then to determine the minimum sample size in this research using Slovin formula (Husein Umar, 2005), namely:

$$n = \frac{N}{1 + N(e)^2}$$

Thus, the number of samples selected in this study are listed in PAF 103 Bank Indonesia located in DKI Jakarta Province are as many as 103 of PAF as the unit of analysis.

3.2. Operationalization of Variables

Table 3.1 Operationalization of Variables

Variables	Dimension	Indicator	Scale	No. Questionnaire
Audit Rotation (X_1) Hoyle <i>et al</i> (1978) Arenset <i>al</i> (2012) Chi <i>et al</i> (2004) Knechel, Roberth W. (2007) Brody and Mascove (1998) Johnson <i>et al</i> (2002) Hamiltonet <i>al</i> (2005) Sarbanes Oxley Act (2002)	1. <i>Mandatory</i>	PAF's assignment period Independence Audit Cost	Interval	1,2,3 4 5
	2. <i>Voluntary</i>	4. Opinion audit		6
Audit Fees (X_2) Siegel and Shin (1996) Simunic (1980); Jubet <i>al</i> (2001); Gerraldet <i>al</i> (1994); Pierce and Sweeney (2004)	1. Client Characteristics	The complexity of services provided Audit Risk Client Company Size	Interval	1 2 3
	2. Magnitude PAF	The cost structure of PAF PAF Size		4 5.6
Auditor Competence (X_3) Arenset <i>al</i> (2009); Berdard and Chi (1993); Ashton (1991); Boynton, et al (2001); Konrath (2002); Cheng, et al (2002); Soekrisno et al (2009)		Education Expertise Experience Attitudes and Behavior	Interval	1.2 3,4,5 6,7 8,9,10
Auditor Motivation (Y) Robbins and Judge (2007); Gibson (1997); Tan (2000); Rebele (1996); Malone (1996); Maslow (2000)	1. Achievement	1. Opportunities to grow 2. Promotional Position	Interval	1 2
	2. <i>Affiliate</i>	3. Respect 4. Disciplinary		3.4 5
	3. Powers	5. Awards for a job 6. Leader's Loyalties 7. Leader's Attentions		6,7,8 9 10
Audit quality (Z) De Angelo (1981); Duft (2004); Carcello (1992); Schroeder <i>et al</i> (1986); Samelson (2006); Ramusenet <i>al</i> (2001);		1. Involvement of Leaders in executions. 2. Involvement in the audit team 3. Maintenance of updating audit 4. Professionalism auditors 5. Reputation 6. Skepticism audit team 7. Understanding the client's system of internal control 8. Codes of professional conduct accountant 9. PAF skills level with quality control standards 10. commitment ofPAF on audit quality 11. Responsibilities of PAF's individual staff	Interval	1.2 3 4 5 6 7 8 9 10 11 12

3.3.Types and Sources of Data

The data in this study was collected through primary data source which is data obtained directly from respondents, such as their response to a number of items of research instruments. The respondents in this study is the managers and partners of the firm are registered on Bank Indonesia.

3.4.Data Analysis Techniques

To analyze the data in this study used path analysis (*path analysis*) with the help of *software lisreal 8.70*. Use of path analysis with the consideration that the pattern of relationships between variables in this study is correlative nature and causality. This analysis can also be used to see the influence of both the direct effect and the indirect effect causes a set of variables or exogenous variables against a set of other variables that are causal variables or endogenous variables (Imam Gojali and Fuad, 2005:1; harun al-Raysid, 1994) . Path analysis can be used with the following assumptions: a) the relationship between the variables must be linear and additive; b) All residual variables have no correlation to each other; c) the pattern of the relationship between variables is recursive; and d) measuring the level of at least all variable interval (Nirvana SK Sitepu, 1994:13).

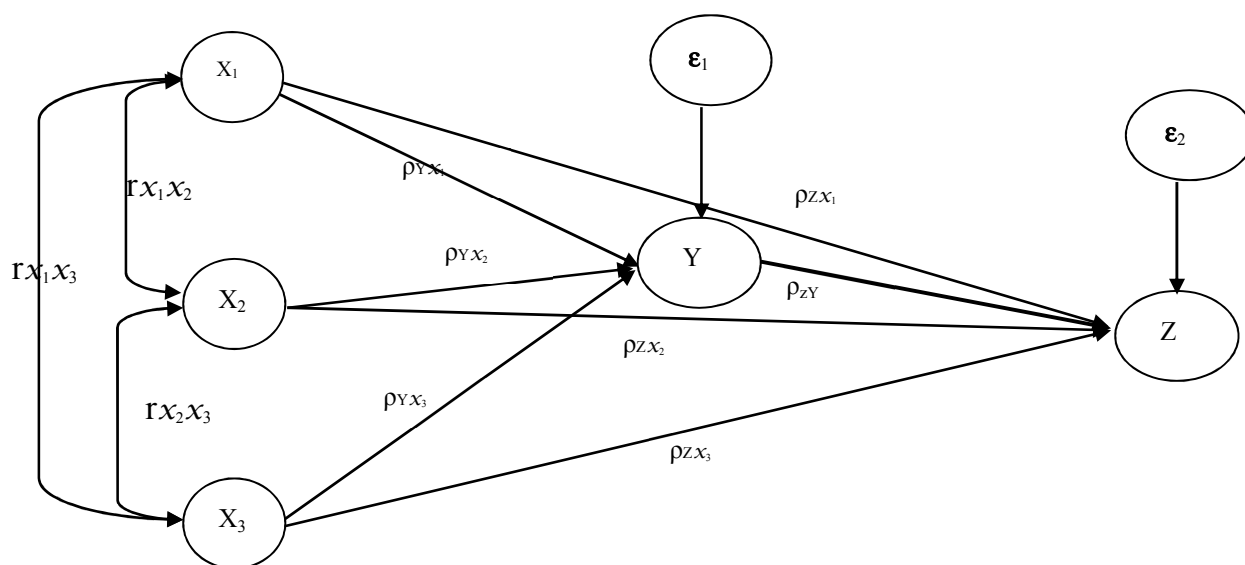


Figure 3.1. Structure Relationship between Variables

Description:

X_1 = Audit Rotation

X_2 = Fee audit

X_3 = Auditor Competence

Y = Auditor Motivation

Z = Audit quality

ϵ_1 = Other Variables which Affect

ϵ_2 = Other Variables which Affect

4.Results and discussion

4.1.Validity of Test Results of Research Variables

Testing was conducted using data from the questionnaire *product moment* correlation method (validity index) where the statement ≥ 0.30 (Barker *et al*, 2002:70). In Table 4.1. The following is a synopsis of the results of the validity test data using *product moment* correlation method.

Table 4.1 Results of Test Validity Research

No.	Variables Name	Number Question	Test Results	Information
1.	Audit rotation	6	> 30	Valid
2.	Audit Fee	6	> 30	Valid
3.	Auditor Competence	10	> 30	Valid
4.	Auditor Motivation	10	> 30	Valid
5.	Audit quality	12	> 30	Valid

4.2. Reliability Test Results of Research Variables

Reliability testing using *Cronbach alpha* and otherwise reliable if the reliability coefficient greater than 0.70 (Barker *et al*, 2002:70). Here's a summary of the results of the reliability test questionnaire that examined five variables.

Table 4.2 Results of Reliability Test Data Research

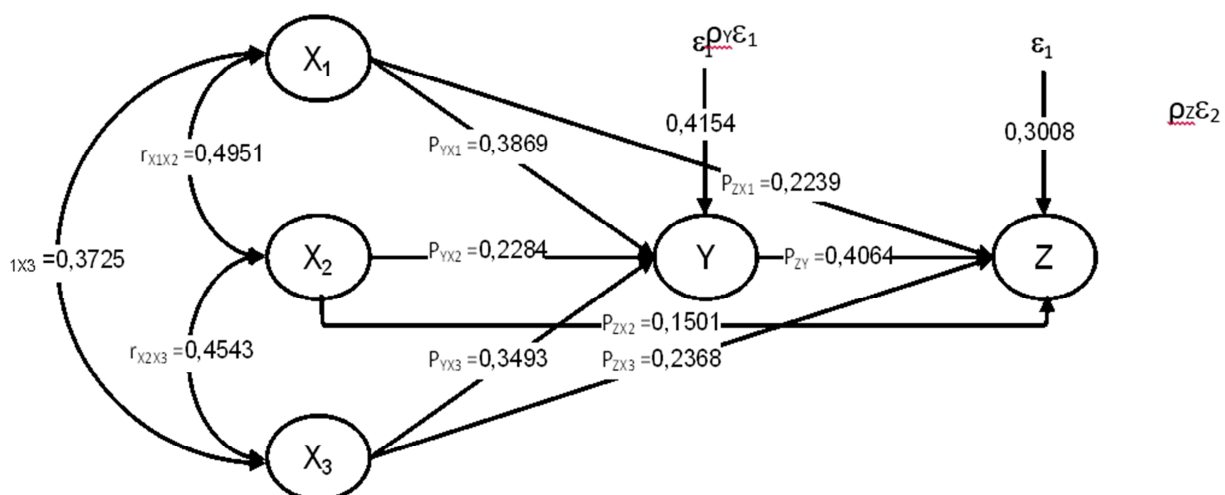
Instrument Variables	The reliability coefficient	Information
Audit rotation	0.724	Reliable
Audit Fees	0,741	Reliable
Auditor Competence	0,793	Reliable
Auditor motivation	0.828	Reliable
Audit quality	0.749	Reliable

Source: 2012 data processing

4.3. Hypothesis Testing Results and Discussion

In Figure 4.1. Presented below are images of the results of hypothesis testing.

Figure 4.1



H acyl Hypothesis Testing

Image path diagram as shown above can be formulated into two structural equation as follows:

$$Y = \rho_{YX1} X_1 + \rho_{YX2} X_2 + \rho_{YX3} X_3 + \epsilon_1$$

$$Z = \rho_{ZX1} X_1 + \rho_{ZX2} X_2 + \rho_{ZX3} X_3 + \rho_{ZY} Y + \epsilon_2$$

The First Hypothesis, There are Rotation Relationship between Audit Rotation, Audit Fee and Auditor Competence

Coefficient of correlation between the audit rotation and the auditor competence of 0.3725 with the positive direction means there is a relationship between the audit rotation and the auditor competence included in the category of low-level relations. Coefficient of correlation between the auditor competence and audit fee amounting to 0.4543 with the positive direction means there is a relationship between the audit rotation and the auditor competence included in the category of medium-level relationships. The results of this study support the research Paige *et al* (2004), found that the risk of audit rotation would affect the higher audit fee.

The Second Hypothesis, Audit Rotation, Audit Fee and Auditor Competence Auditors to Influential Motivation

Path coefficient for Audit rotation is 0.3869 to auditor motivation giving positive direction. With 95% confidence level can be concluded that audit rotation affects auditor motivation, but in a low level of influence. This means that the audit rotation is one factor that can increase auditor motivation in carrying out his job.

The results of this study are relevant to the application of the theory of Robbins (2001) who stated motivation as an auditor is the auditor's willingness to expend high levels of effort toward organizational goals, conditioned by the effort's ability to meet the needs of the individual. Results of this study also support the results of the study).

Path coefficients for Audit fee to auditor motivation is 0.2284 with the positive direction. With a confidence level of 95% can be concluded that the audit fee affects auditor motivation but in a very low level of influence. Results of this test can be interpreted that the audit fee is one factor to increase auditor motivation in carrying out his job. Results of this study are relevant to the application of the theory of Robbins and Judge (2007), which auditor motivation is one of the worker's behavior is strongly influenced by money.

Path coefficient Auditor competence is 0.3493 in the positive direction. With a confidence level of 95% can be concluded that the auditor competence affects auditor motivation, but in a very low level of influence. These results show the auditor competence is one factor that can increase the auditor motivation in carrying out his job. The results of this research are relevant to the application of the theory of Arnold (1985) states that the better the person's competence, the more motivated a person is working, this is due to their competence, that person would be easier to work.

Determination Coefficient three exogenous variables on the auditor motivation is 0.5846. With a confidence level of 95% can be concluded that simultaneous variable audit rotation, the audit fee and auditor competence affect the auditor motivation. Influence in a moderate level. The value of epsilon is 41.54%, which implies that there is possible influence of other exogenous variables besides the variables of audit rotation, audit fees, and auditor competence which can affect auditor motivation variable. In this case the other factors include physiological needs, safety needs, social needs, actualization needs and needs to be awarded

The Third Hypothesis, Effect of Audit Rotation, Audit Fees, Auditor Competence and Auditor Motivation on the Audit Quality

Path coefficients for audit rotation on audit quality is 0.2239 with the positive direction. With 95% confidence level can be concluded that the effect of audit rotation on audit quality is very low levels of influence. This result is consistent with the opinion and Chee Hun (2009) argues that there is a benefit in improving the audit quality is from *mandatory* rotation. Thus the results Wuchunet.al (2005) showed that the audit rotation could promote the audit quality.

Path coefficients for audit fee on audit quality is 0.1501 with the positive direction. With a confidence level of 95% can be concluded that the effect of audit fees on audit quality is a very low level of influence. The results of this study are consistent Elitzur and Falk (1996) in his research found that the greater the fee for public accountants, the higher quality audit of financial information is presented to the user.

Path coefficients for auditor competence on audit quality is 0.2368 with the positive direction. With 95% confidence level can be concluded that the competence of auditors affect the quality of the audit Anniversary Dinner Celebration is very low influence. Study is also consistent with the results of research conducted by Carcello et al (1992) found that factors such as experience, *industry expertise*, *responsiveness* and compliance with GAAS affect audit quality

Path coefficients auditor motivation on audit quality is 0.4064 with the positive direction. With a confidence level of 95% can be concluded that the effect of auditor motivation on audit quality is low influence. Research is relevant to the theory Herbach (2001) states that the difference between the auditor's motivations to work will have an impact on the audit quality and audit quality is a critical factor for auditors to be able to survive in the long term.

Determination coefficient three exogenous variables on audit quality is 0.6992. With 95% confidence level can be concluded that the variables audit rotation, audit fees, auditor competence and auditor motivations simultaneously affect audit quality. Value epsilon is 30.08%, which implies that there is possible influence of other exogenous variables besides the variables audit rotation, audit fee, auditor competence and auditor motivation that may affect audit quality. In this case other factors that include tenure, a number of clients, and wealth or financial health of the client, reviewed by the third, Changes in *accounting requirements* of the *Legislation and Statements of Standard Accounting Practice*, changes in the business environment, and increase the complexity of the accounting system that uses a computer.

5. Conclusion and Suggestion

5.1. Conclusion.

Based on the problem formulations, formulation of hypotheses and the results of the study, the authors wrote the following conclusions:

1. There is a relationship between the audit rotation, audit fee and auditor competence. This conclusion implies that there are violations in the world of business done in the implementation of Public Accountant Firm In case of audit rotation rules because they have been difficultly getting clients after rotation period runs out, so will have an impact then on audit fee to be received which result in the auditor competence in carrying out the assignment audit.
2. Audit rotation, audit fee and auditor competence affect either partially or simultaneously to auditor motivation. This conclusion can be explained that there are violations in the world of business done in the

implementation of Public Accountant in case of audit rotation which motivates the auditor to set the audit fee rate based on negotiation rather than be based on the standards by the Professions Code. Audit Fees received Public Accountant Firm will motivate auditors to improve education, skills and training of auditors in carrying out their duties and responsibilities.

3. Audit rotation, audit fee, auditor competence and motivation affect either partially or simultaneously on audit quality. Empirical evidence of this can be explained that the low audit quality is produced by the Public Accountant in fact caused by the rotation of auditors audit the books for three years in a row make the auditors have low competence in terms of expertise and experience of the client's industry, low audit fees due PAF difficulty getting clients who are willing to pay at a normal level of audit fee rate set by IICPA, that determination is based solely on the audit fee negotiations. not all of his competent auditors PAF listed in Bank Indonesia in its field which in this case not all auditors have appropriate education to the level of the profession, yet have the technical expertise as a forensic auditor and not all have a *Certified Fraud Examiner* (CFE). Low motivation of auditors in completing the work due to the lack of attention to leadership award for a job well done staff auditors.

5.2.Suggestion

Based on the conclusions of the study that have been presented, the suggestions put forward as follows:

5.2.1.Operational Advices

1. Rotations often a separate issue for public accounting firms (PAF), because the search for the audit is not easy. For the audit rotation regulation should only regulate Public Accountant course, while Public Accounting Firm (PAF) does not need to be set in the time period of the engagement. In addition to the above should be rotation Public Accountant after 5 years with the same partner in the firm.
2. In the Public Accountant's practices always set a low fee to get clients. That's because not match the existing PAF with the audit. One way to overcome this is the government supposed to enforce the rules established by Law no. 40 of 2007, in which all the audit's financial statements to be issued shall be audited by the firm, thus more number of audits of the Firm will provide a major contribution to the firm in determining the audit fee.
3. Competency all PAF's auditor need to be improved by always following the PPL associated with the transition from GAAP to IFRS In order the auditorsto maintain the reliability of financial reporting with the international accounting standards, and requires the auditors to have a *Certified Fraud Examiner* (CFE), and improve technical expertise as a forensic auditor.
4. Auditor motivation needs to be improved through attention from the leaders of the firm to reward auditor's performance, provide compensation to the auditor based on the level or levels of seniority, providing old age security, the variation of tasks and activities, promotion and improvement of the status.

5.2.2.Suggestions Development Studies

This research is an empirical evidence of the theories related to the audit rotation, audit fee, auditor competence, auditor motivation and audit quality. Therefore, the results of this study is suggested as follows:

1. Associated with the development of accounting science in particular auditing, this research has shown variable audit rotation, audit fee, auditor competence, and auditor motivation have a positive effect on audit quality in the Public Accountant Firm. For further researchers could include other variables that affect audit quality, namely, the number of clients, or the size and wealth of the client's financial health, changes in *accounting requirements*, the complexity of systems based on computerized accounting and the business environment changes.
2. For the development of accounting science, especially the study on implementation audit quality, recommended for researchers who have the same attention to further investigate the different study sites therefore the validity of the findings of this study could be tested. By exploring and analyzing information and data about audit quality are associated with the development of human resources of the receiving authority, as well as commitment and consistency from authorizers.

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