Audit Quality: Publication Age, Audit Fee, and Committee Meeting of Infrastructure, Utilities, and Transportation Sector in Indonesia

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Abstract

Audit Quality is an auditor's tendency to detect and disclose an error or fraud that occurs in a client's accounting system. This study aims to determine the effect of publication age, audit fee, and committee meeting on audit quality both simultaneously and partially. The population in this study were all companies in the infrastructure, utilities, and transportation sectors listed on the Indonesia Stock Exchange (IDX) from 2015-2019 totaling 76 companies. The sampling technique used purposive sampling with predetermined criteria obtained from 31 companies with a total sample of 155 data. This study uses logistic regression analysis using SPSS version 25. This study's results indicate that simultaneously publication age, audit fee, and committee meeting affect audit quality. Partially, publication age has a significant positive effect on audit quality. Meanwhile, the audit fee has no effect on audit quality. Committee meeting also has no effect on audit quality. Furthermore researchers can use other independent variables that have not been included in this study. In addition, further researchers are expected to conduct research with a different object. This is intended so that research can provide new insights and a broad picture of what factors affect audit quality.

Keywords
Audit Fee, Audit Quality,Committee Meeting, Dummy Variable, Publication Age

1. Introduction
Financial reports can be used as one of the decision-making bases as well as to guarantee the third parties and community that financial reports can be trusted. In order to gain the client's trust, an audit process is required on the financial statements done by the external auditor. A financial reports audit is essential to the needs of companies and management parties of the company to gain the public's trust. Thus, financial statements do not mislead investors in deciding on investing.

According to DeAngelo (1981) in Pramaswaradana & Astika, (2017), audit quality is the probability of an auditor finding and reporting an error or deviation occurring in a client accounting system. However, auditors are not always able to produce high-quality audits because they cannot detect an error or fraud in the financial reports. It is proven by some cases that occurred, such as cases of Jasa Marga Persero Tbk, Garuda Indonesia Tbk. Inc. and Inovisi Infracom Tbk. Inc., which in the end was sanctioned by the Financial Services Authority (OJK) due to cases of bribery and fraud in the company's financial reports.

In addition, there are still many In addition, there are still many inconsistencies in previous research, such as in publication age variables, which greatly affect the audit quality. The longer the publication age of a company, the smaller the discretionary accruals which will improve audit quality because earnings management will be detected more quickly by the auditor (Amaliatussa'diah & Aprilia, 2021). It is contrary to the research of Paramita & Latrini, (2015); Pramaswaradana & Astika, (2017), which stated that publication age never affects the audit quality because the age of the company does not provide a guarantee that the old company has better quality than the younger company, so that age is not appropriate to be used as a provision in producing good quality.

On the audit fee variable, according to Andriani & Nursiam, (2019) the fee audit obtained by the auditor has a big effect on the audit quality produced by the independent auditor. It aligns with the research of Pramaswaradana &

Astika, (2017) and Andriani & Nursiam (2019) that the higher audit fees will improve audit quality because audit fees and estimated operating costs are needed to carry out audit procedures. It is different from the research of Agustini & Siregar, (2020) and Chen et al. (2018) which stated that audit fee does not significantly affect audit quality because audit fees cannot be a predictor of whether or not audit quality is good. Audit quality can be measured only by the attitude of the auditor whether it is in accordance with the code of ethics or not, not measured by the amount of audit fees charged.

In the committee meeting variable, according to Saepudin et al. (2018), committee meeting affect the audit quality. With the more frequent formal meetings held by the audit committee, the company will become more effective in carrying out the duties and responsibilities of the audit committee, which in turn will improve audit quality. It is contrary to the research conducted by Trisnawati & Nurbaiti, (2019) who stated that there is no effect on the audit quality. The research results that are still inconsistent encourage the researcher to do a re-test with the same variables, namely publication age, audit fees and committee meeting, to determine the effect on audit quality, especially in infrastructure, utility, and transportation sector companies registered on the Indonesia Stock Exchange (IDX).

1.1 Objectives

This research aims to determine whether there are simultaneous effects between publication age, audit fees and committee meeting on audit quality. Also, to find out whether there are partial effects between publication age, audit fees and committee meeting on audit quality in infrastructure, utility, and transportation sector companies registered on the Indonesia Stock Exchange (IDX) in the year 2015-2019.

2. Literature Review

According to DeAngelo (1981) in Pramaswaradana & Astika, (2017), audit quality is an auditor's probability of finding and reporting violations in the accounting system. Audit quality is measured by a dummy variable which will show a value of 1 if the company's financial statements obtain an opinion other than unqualified and a value of 0 if the company's financial statements get an unqualified opinion (Trisnawati & Nurbaiti, 2019).

Publication age is the initial age of registration and the registration of a company on the Indonesia Stock Exchange up to now (Pramaswaradana & Astika, 2017). The publication age variable is measured by a ratio scale based on the year of research minus the year of the company listing. Publication age is positively related to audit quality. It aligns with research conducted by Amaliatussa'diah & Aprilia (2021) because the longer a company goes public, the better the audit quality will be. Company age guarantees that older companies have better audit quality than younger companies so that the age of publication is appropriate to be used as a measure in producing good audit quality.

$$AGE = Year\ t - Year\ n \qquad (1)$$

An audit fee is a compensation in the form of money or other forms given to the auditor from the client to obtain engagements from clients or other parties. The audit fee is usually determined based on the mutual agreement before starting the audit process (Agustini & Siregar, 2020). Audit fee variables are measured by a natural logarithm from the 10% professional fees. The audit fee is positively related to audit quality. It is in line with the research of Andriani & Nursiam (2019) and Pramaswaradana & Astika (2017) because Public Accounting Firms that are included in the big four tend to have a larger Audit Fee compared to Non-big four Public Accounting Firms so that it makes auditors more motivated to improve their performance according to procedures and produce the best quality.

$$Audit\ Fee = Ln\ 10\%\ of\ Professional\ Fees \qquad (2)$$

According to the Indonesian Audit Committee Association, one of the successes of the audit committee in carrying out its duties and responsibilities is influenced by the audit committee meeting held. According to the Guidelines for the Establishment of the audit committee, it is stated that the audit committee must hold a meeting at least every 4 (four) in 1 (one) year. The audit committee that often meets at least 4 (four) times a year has a tendency to better inform accounting and auditing issues (FCGI, 2002). Committee meeting are positively related to audit quality. It aligns with the research conducted by Saepudin et al. (2018) because frequent audit committee meeting will minimize fraud because each meeting will always discuss and report findings from the company's financial statements being audited. Committee meeting variables are measured by the number of audit committee meeting divided by 4.

$$(3)$$

$$AC\ Meet = \frac{Total\ audit\ committee\ meetings}{4}$$

Based on the literature review, the research framework in this study is as follows: (Figure 1)

Figure 1. Research Framework Description:
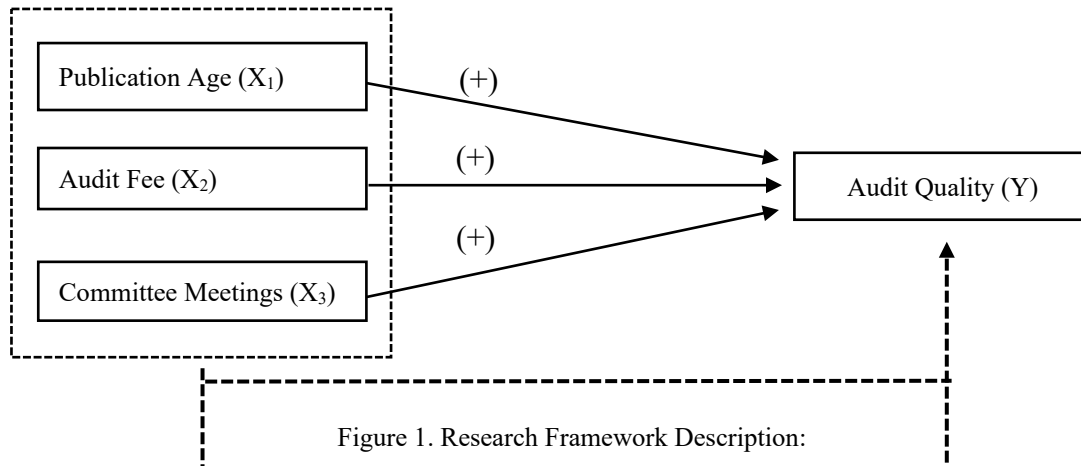
→ : Partial effect
- - -▶ : Simultaneous effect

Based on the explanation above, the researcher formulated the research hypothesis as follows:
H_1: Publication age, audit fee and committee meeting simultaneously affect Audit Quality.
H_2: Publication age has a partial positive effect on Audit Quality.
H_3: Audit fee has a partial positive effect on Audit Quality.
H_4: Committee meeting has a partial positive effect on Audit Quality.

3. Methods

Population in this research is all infrastructure, utility, and transportation sector companies registered on the Indonesia Stock Exchange (IDX) in the year 2015-2019. In this research, the data used were obtained from the annual reports of every company. The population in the infrastructure, utility, and transportation sector companies amounted to 76 companies. Based on the results of purposive sampling with predetermined criteria, it is obtained from 31 companies with a total sample of 155. (Table 1)

Table 1. Sample Selection Criteria

No	Description	Total
1.	Infrastructure, utility, and transportation sector companies registered on the Indonesia Stock Exchange (IDX) in the year 2015-2019	76
2.	Companies that inconsistently publish audited annual reports on the Indonesia Stock Exchange (IDX) for the period of 2015-2019	(24)
3.	Companies whose annual audit reports do not include professional fees	(13)
4	Infrastructure, Utilities and Transportation Sector Service Companies that do not have complete publication age information for 2015-2019	(8)
4.	Total research samples	31
5.	Total samples in the research period (31 x 5)	155

This research uses logistic regression analysis by using SPSS version 25. The model used in this research is shown in the following logistic regression equation:

(4)

$$Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Description:
Y   = Audit Quality
X_1 = Publication Age
X_2 = Audit Fee
X_3 = Committee Meeting
$\beta 0$ = Constant
$\beta_1, \beta_2, \beta_3$ = Regression Coefficient
e   = Error Component

4. Data Collection

This research used quantitative data with a secondary data type. Secondary data is sources that indirectly give data to the data collector through other people or documents (Sugiyono, 2021:296). Some of the secondary data sources are government publications, published or unpublished information from inside or outside the company, available data from previous research, case studies and literature documents, websites, online data, and the internet (Sekaran & Roger, 2016:37). The data collection technique in this research is using methods of documentation and literature study, which are as follows:

1. Audited financial reports of companies in the infrastructure, utilities, and transportation sectors registered on the Indonesia Stock Exchange (IDX) in the year 2015-2019.
2. A literature study is a method of collecting data by studying theories or literature from books, theses, journals, and the internet, which contains discussions about research conducted by researchers.

5.   Results and Discussion

5.1 Descriptive Statistical Analysis

Table 2. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Deviation Std.
Audit Quality	155	0	1	0,87	0,336
Publication Age	155	1	29	11,94	7,788
Audit Fee	155	11,8928	24,3060	20,022570	2,6380355
Committee Meeting	155	0,50	14,50	2,2661	2,41086

Based on Table 2 above, the dependent variables used, which are audit quality, have a mean value of 0.87, while its deviation standard has a value of 0.336, smaller than the mean value of 0.87. It means that the data does not vary because the deviation standard value is smaller than the mean value. The publication age variable has a mean value of 11,84, while its standard deviation is 7,788, bigger than the mean value of 11,94. It means that the data tends to vary because the standard deviation value is bigger than the mean value. The audit fee variable has a mean value of 20,022570 while its standard deviation value is 2,6380355, smaller than the mean value of 20,022570. It means that the data tends not to vary because the standard deviation value is smaller than the mean value. The committee meeting variable has a mean value of 2,2661, while its standard deviation value is 2,41086, bigger than the mean value of 2,2661. It means the data tends to vary because the standard deviation value is bigger than the mean value.

5.2 Logistic Regression Analysis
5.2.1 Assessing the Feasibility of the Regression Model

Table 3. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	13,887	8	,109

Based on the test result in the Table 3 above, it can be seen that the chi-square value is 13,887 and the significance value is 0.109. The significance value is bigger than 0.05, which means that hypothesis 0 (zero) is accepted, and the logistic regression model can be used for further analysis because it matches the observation data.

5.2.2 Assessing the Model Fit

Output Beginning -2Log Initial Likelihood (Block Number 0)

Table 4. Iteration History

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	86,425	1,699
	2	78,475	2,305
	3	78,038	2,491
	4	78,035	2,507
	5	78,035	2,507

Output Beginning -2Log Final Likelihood (Block Number 1)

Table 5. Iteration History

Iteration		-2 Log likelihood	Constant	Coefficients Age Publication	Audit Fee	Committee Meeting
Step 1	1	82,663	1,040	,028	,011	,055
	2	69,959	,870	,069	,019	,161
	3	65,591	,505	,116	,010	,393
	4	62,983	,013	,147	-,004	,874
	5	61,670	-,916	,155	,002	1,527
	6	61,442	-1,441	,157	,008	1,919
	7	61,435	-1,538	,157	,009	2,001
	8	61,435	-1,542	,157	,009	2,004
	9	61,435	-1,542	,157	,009	2,004

Tables 4 -7 shows that the initial -2 Log Likelihood (Block Number 0), which only includes constants, has a value of 86,425, while table 4.8 shows that the final -2 Log Likelihood (Block Number 1) by entering constants and independent variables has a value of 61,435. It shows that there is a decrease in the value that makes -2LL Block Number = 0 > -2LL Block Number = 1, so it can be said that the regression model is good and fits the data.

5.2.3 Determination Coefficients

Table 6. Determination Coefficients

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	61,435[a]	,107	,260

From the Table 6 above, it can be known that the value of Nagelkerke R Square is 0.260, bigger than the value of Cox & Snell R Square, which is 0.107. It means that the combination of independent variables used, audit tenure, audit fee, and client importance, influence the dependent variables as much as 26%, and the rest is 74% influenced by other factors that cannot be seen in this research.

5.2.4 Simultaneous Significance Test

Table 7. Omnibus Test of Model Coefficient

		Chi-square	df	Sig.	
Step 1	Step	16,600	3	,001	
	Block	16,600	3	,001	
	Model	16,600	3	,001	

In Table 7 above, it can be known that the chi-square value is 16,600 with a degree of freedom of 0.001 (p-value <0.05, then H_{01} is rejected, and Ha_1 is accepted). It shows that the variables of publication age, audit fee, and committee meeting have a significant simultaneous effect on audit quality.

5.2.5 Individual Parameter Significance Test (Partial Test)

Table 8. Variable in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	AGE	,157	,078	4,035	1	,045	1,170	1,004	1,364
	FEE	,009	,144	,004	1	,952	1,009	,760	1,338
	MEET	2,004	1,074	3,478	1	,062	7,417	,903	60,915
	Constant	-1,542	3,102	,247	1	,619	,214		

Based on the results of the regression test, Table 8, the following equation is obtained:

$$Y = -1,542 + 0,157AGE + 0,009FEE - 2,004MEET + e$$

Description:
Y   = Audit Quality
AGE   = Publication Age
FEE   = Audit Fee
MEET   = Committee Meeting
e   = Error Term

Based on the results of the regression coefficient test in table 8 shows that:
1. The regression coefficient value from audit tenure is 0.157, and the significance level is 0.405. The value is smaller than the significance level (α), which is 0.05. Thus, H_{02} is rejected, and Ha_2 is accepted, meaning that

publication age affects audit quality. These results are in line with the hypothesis that the researcher has put forward that publication age has a positive effect on audit quality the longer a company goes public, it is considered to have good quality in various ways. Managers are also considered capable of providing clear sources of information so as to facilitate the auditor in conducting audits because of the availability of information to detect if fraud occurs. However, the results of this study indicate that publication age affects audit quality. The results of this study align with research conducted by Amaliatussa'diah & Aprilia (2021), which state that publication age affects audit quality. It was explained that the age of the company provides a guarantee that the old company has better quality than the younger company, so that the age of publication is appropriate to be used as a benchmark in producing good audit quality.

2. The regression coefficient value of the audit fee is 0,009 and the significance level is 0.952. The value is greater than the significance level (α), which is 0.05. Thus, H_{03} is accepted, and Ha_3 is rejected, meaning that the audit fee does not affect audit quality. These results do not align with the hypothesis that the researcher has put forward that audit fees have a positive effect on audit quality. The results of this study are in line with research conducted by Novrilia et al., (2019) which state that audit does not affect audit quality. It is because whether a high audit fee is given does not make it possible to predict the audit quality of a company. Quality can be seen from the attitude of an auditor whether the auditor has a professional and independent attitude or not.

3. The value of the regression coefficient of committee meeting is 2,004, and the significance level is 0.062. The value is greater than the significance level (α) of 0.05. Thus, H_{04} is accepted, and Ha_4 is rejected, meaning that committee meetings do not affect audit quality. These results do not align with the hypothesis that the researcher has put forward that committee meetings affect audit quality. The results of this study are in line with the research conducted by Trisnawati & Nurbaiti (2019), which state that committee meetings do not affect audit quality. It is because although one of the duties and responsibilities of the audit committee is to review the financial information that will be issued by the company to the public, to review the compliance with laws and regulations related to the activities of public companies and to review the implementation by internal auditors and oversee the implementation of actions taken by the company. Further action by the Board of Directors on the findings of the internal auditor will not affect any opinion that will be given by the auditor. There are many other considerations that may greatly affect the auditor's opinion. The auditor will provide an opinion according to the condition of the company.

6. Conclusion

This study aims to determine the effect of the independent variables consisting of publication age, audit fees and audit committee meetings on the dependent variable, namely audit quality at infrastructure, utility and transportation service companies listed on the Indonesia Stock Exchange for the 2015-2019 period consisting of 31 companies. with a study period of 5 years. The number of this study was 155 samples, but in this study, there was outlier data with the results of outlier data being 146 samples. Publication age, audit fee and audit committee meetings have a significant simultaneous effect on audit quality in Infrastructure, Utilities and Transportation sector companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019. Publication age partially has a significant positive effect on audit quality in Infrastructure, Utilities and Transportation companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019. Audit fee partially has no effect on audit quality in Infrastructure, Utilities and Transportation sector companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019. Committee meeting partially has no effect on audit quality in Infrastructure, Utilities and Transportation sector companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019. For further research, this research can be used to develop knowledge about audit quality in Infrastructure, Utilities and Transportation sector companies and to re-examine the variables of audit fees and audit committee meetings which has no effect in this study. The next researchers can use other independent variables which were not included in this research. Moreover, the next researchers are expected to do research with different objects. It is intended so that research can provide new insights and a broad picture of what factors affect audit quality.

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