Effects of Auditor Independence and Experience, Size of Client's Financial Health and Audit Fee on Audit Quality: An Empirical Study on Public Accounting Firms in Indonesia

Faiz Zamzami, Sakina Nusarifa Tantri, and Rudi Prasetya Timur

***Abstract*—The study was aimed at examining the effects of auditor independence and experience, size of clients's financial health and audit fee on the audit quality. This study is therefore expected to provide empirical evidence about the audit quality in Indonesia, and targets auditors at the Public Accounting Firms in Indonesia as the respondents. Surveys were conducted while hypothesis testing was done with partially simple regression analysis and simultaneously multiple regression in which SPSS application was in use.**

The study states that on a partial basis, the auditor independence and experience affect the audit quality, while the size of the client's financial health and the audit fee give no significant effects on the audit quality. On the other hand, simultaneously, the auditor independence and experience, the size of the client's financial health, and audit fee significantly affect the audit quality.

***Index Terms*—Audit quality, auditor, public accounting firm, Indonesia.**

I. Introduction

This study was conducted as a partial effort to convince business entities in Indonesia concerning the audit quality by the Public Accounting Firms. Public Accountants, who unite in the Indonesian Institute of Certified Public Accountants must perform good audit quality for the nation's stronger sovereignty. The quality of audit which the Public Accounting Firms in Indonesia has conducted is expected to have competitive advantages to respond to the implemented ASEAN Economic Community (MEA). Thus, this study will contribute to the improvement of audit quality for the nation's stronger sovereignty with the profession of the public accountants. The Enron case is an example. As publicly disclosed, its fraudulent finacial reporting involved Arthur Anderson, one of the largest Accounting Firms. In Indonesia alone, some major accounting scandals involved Public Accounting Firm such as Hans Tuanakotta & Mustofa, in which it failed to detect misstatements in the financial Statement of PT Kimia Farma Tbk [1]. To this extent, auditor independence, professionalism and objective assessment are deemed necessary. Therefore, new focus of study on this area especially in Indonesia should be found. So far, the problem formulation remains on the fact that no fixed variables have been set to affect the audit quality.

Manuscript was received July 31, 2016; revised December 12, 2016. This paper is sponsored by the Institute for Research and Communinity Services (LPPM) of Gadjah Mada University for reseacher capacity building among junior lecturers.

The authors are with the Accounting Diploma, Vocational School of Gadjah Mada University, Yogyakarta, Indonesia (e-mail: faiz@ugm.ac.id, sakinatantri@gmail.com,rudiprasetyatimur@gmail.com).

The challenges that the Public Accounting Firms face refer to how the audit results are of good quality to improve the credibility of client's financial statements. From the investor's perspective, this information is crucial because properly-audited financial statement with favorable opinion can lower the cost of capital. Further, the financial statements are the data based on which the investors make an investment-related decision. Therefore, they may claim for the auditor accountability for any possible failure in audits. However, some accounting scandals involving several major Public Accounting Firms in Indonesia have raised doubt over whether or not the investors take into account the characteristics of quality auditors.

The purpose of this study was to examine the effects of auditor independence and experience, size of firm, and audit fee on the audit quality. This study involved respondents, who are the auditors at the Public Accounting Firms in Indonesia, therefore, the results of the study will be comprehensive, empirical evidence on the quality of auditors.

Hence, this study was designed to examine the factors affecting the audit quality from the external auditor's perspective in Indonesia, one of the developing countries in Asia. This study aimed: (1) to study the factors that can affect the audit quality by investigating the results of the previous studies. (2) to determine the most important factors that affect the audit quality of the external auditors as an empirical study in Indonesia.

II. Literature Review

The profession of Public Accountants in Indonesia faces challenges for winning the competition againts foreign public accountants especially following the implementation of the ASEAN Economic Community. With no multilateral boundary among Asean countries, high quality of public accountants should be tough and well tested as more foreign human resources in auditing are available.

To strengthen the national sovereignty, the profession of Indonesian public accountants shall perform better quality of audit than that of foreign public accountants while growing willlingness to learn how to improve the audit quality from the results of this study.

Previously, Effendy (2010) examined the effects of auditor competence, independence and motivation on the audit quality among the regional inspectorate officers. The population of the study was the Regional Inspectorate officers of Gorontalo City who conducted regular audits, while the data were collected from the questionnaires shared to the respondents. The study used competency (X_1), independence (X_2) and motivation (X_3) as the independent

doi: 10.18178/joebm.2017.5.1.488

variable while the dependent variable was audit quality (*Y*). To analyze the data, multiple linear regression was used. The results of the study suggested that auditor competence and motivation give positive, significant effects on audit quality, while the independent variable gives no significant effects on it. The coefficient value of determination shows that competence, independence and motivation shared to contribute to the audit quality as the dependent variable by 72.2%, while the remaining 27.8% was contributed by the factors beyond the model [2].

In another study, Amalia (2014) concluded that the public accountants assumed responsibility for good quality of audit, which competence and independence determined. Therefore, this study aimed to examine the effects of auditor competence and independence on audit quality. The study included the auditors who worked at the Public Accounting Firms in Bandung as the population and concluded that the auditor competence and independence significantly affect audit quality [3].

Alim *et al* (2007) examined audit quality which the auditors at the Public Accounting Firms in East Java performed. The study used the auditor's competence and independence as the independent variables while audit quality served as the dependent variable and ethics of auditors as the moderator variable. In the end, the study suggested that the auditor independence and competence bring about significant effects on audit quality [4].

Achmat (2011) observed the effects of auditor independence, experience, professional due care and accountability on the audit quality at the Public Accounting Firms in Central Java. This study proved that auditor independence and accountability affect audit quality considerably. On the other hand, auditor experience and professional due care give no effects on audit quality [5].

Dwiyani (2014) conducted a study on the effects of auditor independence and the amount of audit fee on audit quality in the Public Accounting Firms in Bali. The study concluded that auditor independence and the amount of audit fee contribute significantly and positively to the quality of audit process both simultaneously and partially [6]. Audit fee-focused study was also done by Idawati (2015) which included three other variables i.e. audit rotation, auditor competence and auditor motivation and how the three variable affected the audit quality. Using samples of 103 auditors at the Public Accounting Firms registered at Bank Indonesia, the study came to a conclusion that audit rotation, audit fee, auditor competence and auditor motivation contribute significantly to audit quality both simultaneously and partially [7].

In Jordan-based study, Al-Khaddash et al (2013) identified the factors that affected audit quality in Jordan Commercial Bank. The study concluded that there is positive and significant correlation among audit quality and audit efficiency, audit firm's reputation, audit fee, audit firm's size, and auditor competence. This study resulted in contribution to the existing literature on factors that affected the audit quality in developing eastern countries like Jordan. In addition, this study confirmed more evidence to the effects of audit efficiency, audit firm's reputation, audit fee, audit firm's size, and auditor competence on audit quality [8].

This study differs from the previous studies in terms of testing the significant variables resulting in different results of the study. The number of samples limited to certain areas were also different among the studies. This study used larger samples within a broad and equitable scope to enable decent presentation of population. Below are the detailed descriptions of the variables used.

A. Independence

Independence is the ability to act with integrity and objectivity, and that certain relationships with clients would cause third parties to question the ability of an auditor to act with requisite impartiality (Kwanbo 2009) [9]. Auditor independence is set in the Auditing Standards Section 220, which prevails in Indonesia. It is made clear in the regulation that auditor independence refers to a firm, not easily influenced attitude because an auditor performs work for the public interest (different from personal practice as an internal auditor) [10]. Independence should be met in audit work for standard and quality audit. Mautz and Sharaf (1980) argued that the state of independence is asssessed by three aspects as follows: (1) independence in preparing the audit program, (2) independence in investigation, and (3) independence in reporting [11]. Suseno (2013) and Suyono (2012) concluded that auditor independence affect the audit quality significantly [12], [13].

Ha_1: Auditor independence affects audit **quality.**

B. Size of Client's Financial Health

The size of client stated in this study refers to the proxy of client's wealth and financial health. A study conducted by Carcello, *et al.* (2004) showed that the auditors with industry specifications contribute to prevent fraudulent financial statements which total asset-based client's size affects [14]. Deis and Giroux (1992) highlighted that auditor's capability to resist pressure by the clients relies on the economic contract, client's environmental condition and description of auditor's behavior, which include (1) a statement of professional ethics, (2) the possibility to detect poor quality (3) figures and visibility to retain the profession, (4) the auditor stays within or become a member of the professional community, (5) the level of auditor's interaction with professional peer groups, and (6) international norms of auditor profession [15]. Deis and Giroux (1992) further explained that Client's healthier financial condition will build higher tendency to force the auditor not to comply with the auditing standards [15].

Ha_2: Size of client's **financial health affects audit quality.**

C. Audit Fee

Al-Khaddash, *et. al* (2013) defined audit fee as all costs incurred by clients to pay the external auditor for audit and non-audit services given to the clients [8]. Francis and Simon's study (1987) revealed that quality audit services can be differentiated in a competitive market in which cost might determine the differences in quality [16]. Jong-Hag *et al* (2010) stressed that massive amount of audit fee may force the auditor to accommodate client's pressure, which can affect the audit quality made [17]. Idawati (2015) found that audit fee is one of the factors affecting audit quality [7].

Ha_4: Audit fee affect audit quality.

D. Auditor Experience

Nelson (1995) believed that an experienced auditor is likely to have the knowledge structure of financial reporting errors with audit objectivity as an organized primary dimension and transaction cycle as a secondary dimension [18]. Tubbs (1992) further described that an experienced auditor will (1) be aware of more errors, (2) be unlikely to have a misconception on errors, (3) become aware of uncommon errors and (4) matters related to the causes of errors in the department where errors and violation take place and and the objectives of internal control are made distinctive [19]. Tubbs ‘s study (1992) indicated that the objectivity of audit will improve along with the experience obtained [19].

Ha$_3$: Auditor experience affects audit quality**.**

E. Audit Quality

DeAngelo (1981) defined audit quality as the market-assessed joint probability that a given auditor will both (a) discover a breach in the client’s accounting system, and (b) report the breach [20]. Simamora (2002) as quoted in Siti Nur (2010) argued that there are eight principles to comply by a public accountant [21], [22]. They include (1) profession-based responsibility, (2) public interest, (3) integrity, (4) objectivity, (5) professional competence and prudence, (6) confidentiality, (7) professional behavior, and (8) technical standard.

Ha$_4$: Auditor independence and experience**, and size of client’s financial health affect audit quality.**

III. Methodology and Data

This study used questionnaire-based surveys as the research instrument distributed to the respondents. This study initiated with a pilot test to 35 respondents consisting of audit-specialised academicians and accounting-majored graduate students to test the research instruments. Following the result of tested data quality, the questionnaires were distributed to the auditors who worked at the Public Accounting Firms in Indonesia. Subsequently, data tabulation was done to the the respondents' profile and answers, followed with a required test of classic assumption for regression test, in which hypothesis was tested.

In this study, two regression models were used to test the hypothesis. Simple regression model was used to test hypothesis partially while a model of multiple regression was used to test the hypothesis simultaneously.

IV. Population and Sample

The population in this study includes the auditors working at the Public Accounting Firms in Java and Bali, Indonesia. Released by the Indonesian Institute Of Certified Public Accountants, 1,022 licensed public accountants are the members of this association [23]. This study used the data as the basis for determining samples. Sampling was carried out with quota sampling by which number of samples from the specifically-characterised population was determined to meet the quota set (Sugiyono, 2011) [24]. Meanwhile, the minimum sample size was stated with Slovin formula (Husain Umar, 2005) resulting in 91 respondents as the minimum samples [25].

V. Result and Discussion

Tested classic assumption suggested that this study used data viable for regression model. This study conducted data processing with simple regression and multiple regression to find out the effects between the independent variable and the dependent variable. Simple regression and multiple regression were used for partial testing and simultaneous testing respectively.

A. Effects of Auditor Independence on Audit Quality

The auditor independence peaked to 4,164 of t count, which was greater than t table (4.164> 1.985) and it was of significance by 0.000 (less than 0.05). It therefore can be concluded that auditor independence positively affects (value of unstandardized coefficients indicate positive direction by 0.398) on audit quality . Further, the value of R-Square at 0.160 indicated that the effects of independence variable on audit quality peaked to 16.0% while the remaining 84.0% was affected by other variables beyond the model of simple linear regression. As a result, simple regression equation was built as follows:

$$Y = 20{,}612 + 0{,}398\, X_1$$

The above regression equation has led to a conclusion that higher independence of auditors would lead to higher quality of audit. In relation to the quality of audit output, auditor independence considerably contributed to perform pressure-free audit, enabling auditors to work based on the standards of professions and competence. This result contradicted with Effendy’s study (2010) stating that auditor independence generates no significant affects on audit quality [2]. On the other hand, this study corresponds to Elisha and Icuk (2010) and Suseno (2013) suggesting that auditor independence considerably affects audit quality [26], [12].

TABLE I: Result of Simple Regression

Variabel	Constant	Unstandardized Coefficients (B)	Sig.	Description
Independence	20,612	0,398	0,000	Influential
Size	34,071	-0,103	0,449	Not Influential
Fee Audit	34,844	-0,215	0,075	Not Influential
Experience	21,872	0,678	0,000	Influential

B. Effects of Client’s Financial Health on Audit Quality

The size of the client's financial health was found at -0.760 in t count, smaller than t table (-0.760 <1.985) and peaked to significance of 0.449 (greater than 0.05). It therefore can be concluded that size of client's financial health generates no effects on audit quality. It suggests that any states of client's financial health will not affect the resulted quality of audit. The value of R-Square by 0.006 indicated that variable of independence affects the variable of audit quality by 0.6% and the remaining 99.6% is affected by the other variables outside the simple linear regression model.

Audit quality refers to aligned audit with the prevailing standard or law in auditing, hence, any states of client’s financial health should not necessarily harm the audit quality resulted. It simply means that auditor's attitude and mentality give no effects to client's financial health, encouraging auditors to perform duties within the professional standards of auditors and prevailing law on Public Accountant. This finding, however, was inconsistent with Deis and Giroux's study (1992) confirming that higher state of client's financial health will generate higher tendency for clients to force auditors to break the prevailing auditing standards [15]. The difference in findings occurred among others because of different time and environment between the two studies.

C. *Effects of Audit Fee on Audit Quality*

Audit fee posed at -1.804 in t count, smaller than t table (-1.804 <1.985) and had significance of 0.075 (greater than 0.05), resulting in no effects were made by audit fee on audit quality. This simply means that despite increase or decrease in the value of audit fee, the audit quality will remain the same. The value of R-Square at 0.035 indicates that the proportion of effects by the variable of independence on the variable of audit quality was 3.5% while the remaining 96.5% was affected by other variables beyond the model of simple linear regression.

The amount of fee received by auditors for services given to clients should not necessarily let them work beyond the prevailing regulations. This finding was inconsistent with Dwiyani's (2014) suggesting that audit fee positively affects audit quality [6].

D. *Effects of Auditor Experience on Audit Quality*

Auditor's experience reached 4.778 in t count, which was higher than t table (4.778> 1.985) and it achieved significance by 0.00 (less than 0.05). Therefore, it was concluded that auditor experience brings about positive effects (value of unstandardized coefficients showed positive direction by 0.678) on audit quality. Based on the value of R-Square by 0.201, variable of independence affected by 20.1 % on the variable of audit quality, while the rest 79.9% was affected by other variables existing outside model of simple linear regression. Therefore, it built a simple regression equation as follows:

$$Y = 21{,}872 + 0{,}678\ X_4$$

The above regression equation led to a conclusion that more experience of auditors will lead to higher quality of audit. In this case, experience refers to the length of service in auditing and number of audit tasks carried out. Therefore, it was infered that experienced auditors are likely to have a knowledge structure of financial reporting errors. As each auditor has diverse experience, higher complexity in the company audited would demand more experienced auditors in audit work for proper analysis and understanding on client's risks. This fact was inconsistent with Achmat's study (2011) stating that auditor experience generates no effects on audit quality [5].

E. *Effects of Auditor Independence and Experience, and Client's Financial Health on Audit Quality*

The value of F count (sig) was 0.000, which was smaller than the significance level of 0.05 to end up in conculsion that on a simultaneous basis, independence, client's financial health, audit fee and auditor experience affect the audit quality despite that partially client's financial health generates no effects on audit quality. As showed by the value of R-Square by 0.302, variables of independence, client's financial health, audit fee and auditor experience affected audit quality by 30.2% while the remaining 69.8% was affected by other variables outside the model of multiple linear regression. Thus, it formed multiple regression equation below:

$$Y = 16{,}652 + 0{,}272\ X_1 - 0{,}072\ X_2 - 0{,}128\ X_3 + 0{,}568\ X_4$$

Based on the regression equation made, it is apparent that independence (X_1) and the auditor experience (X_4) were of positive effects while size of client's financial health (X_2) and audit fee (X_3) were negative. Simultaneously, independence, size of the client's financial health, audit fee and auditor experience affected audit quality by 30.2%. To take an instance, when dealing with highly financially healthy clients but incomparable audit fee, an experienced auditor may work beyond independence which was likely to affect the audit quality. The four afore-mentioned factors may contribute to positive and negative effects on the audit quality.

TABLE I: MULTIPLE REGRESSION RESULT

Variabel	Unstandardized Coefficients (B)	Sig	Description
(Constant)	16,652		
Independensi	0,272	0,005	Influential
Size	-0,072	0,576	Not Influential
Fee Audit	-0,128	0,262	Not Influential
Experience	0,568	0,000	Influential

VI. CONCLUSION

This study was aimed at finding out the effects of auditor independence, client's financial health, audit fee, and auditor experience on audit quality both partially and simultaneously. It is concluded that on a partial basis, the auditor independence and experience positively affect audit quality. Meanwhile, client's financial health and audit fee generate no effects on audit quality. On a simultaneous basis, however, four factors, which comprise auditor independence, client's financial health, audit fee and auditor experience significantly affect audit quality.

VII. OPINION

Given above conclusion, the following suggestion is proposed:

1) External auditors and public accounting firms should keep improving their independence to ensure that the audit tasks exercised always comply with the Professional Standards of the Public Accountants and the prevailing laws.
2) Public Accounting Firms should prepare well-composed team consisting of experienced auditors for any audit tasks while giving opportunity to the young auditors to obtain more experience. All should be met to ensure that

the auditor team works with comprehensive understanding on the client's business and audit risks.

3) Future studies should take into account well-distributed samples in term of areas and size of Public Accounting Firms. In addition, The studies should include population from the developed and developing countries for more comprehensive results.

ACKNOWLEDGMENT

This paper is sponsored by the Institute for Research and Communinity Services (LPPM) of Gadjah Mada University for reseacher capacity building among young lecturers.

REFERENCE

[1] Y. Syahrul, "Mark up kimia farma tanggung jawab direksi lama," 2002.

[2] E. M. Taufiq, "Pengaruh kompetensi, independensi, dan motivasi terhadap kualitas audit aparat inspektorat dalam pengawasan keuangan daerah (studi empiris pada pemerintah kota gorontalo)," 2010.

[3] R. A. Dewi, "Pengaruh kompetensi dan independensi auditor terhadap kualitas audit (pada kantor akuntan publik di wilayah bandung)," 2014.

[4] M. N. Alim, T. Hapsari, and L. Purwanti, "Pengaruh kompetensi dan independensi terhadap kualitas audit dengan etika auditor sebagai variabel moderasi," Seminar Nasional Akuntansi X, 2007.

[5] A. Badjuri, "Faktor-faktor yang berpengaruh terhadap kualitas audit auditor independen pada kantor akuntan publik (KAP) di jawa tengah," Dinamika Keuangan dan Perbankan, vol. III, no. 2, pp. 183-197, 2011.

[6] D. Pratistha and N. W. L. Sari, "Pengaruh independensi auditor dan besar fee audit terhadap kualitas proses audit," *E-Jurnal Akuntansi*, no. 3, pp. 419-428, 2014.

[7] I. Wiwi, "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)," *Journal of Economic and Sustainable Development*, vol. VI, no. 6, 2015.

[8] A.-K. Husam, R. A. Nawas, and A. Ramadan, "Factors affecting the quality of auditing: The case of jordanian commercial banks," *International Journal of Business and Social Science*, vol. IV, no. 11, pp. 206-222, 2013.

[9] K. M. Lubabah, "Internal control system and the issues of independence and confidentiality in local governments auditing: An examination," 2009.

[10] "Standar Audit Seksi 220 tentang Independensi Auditor".

[11] R. K. Mautz and H. A. Sharaf, *The Philosophy of Auditing Ed. 10. American Accounting Association*, Florida, 1980.

[12] N. S. Suseno, ‚An empirical analysis of auditor independence and audit fees on audit quality," *International Journal of Management and Business Studies*, vol. III, no. 3, pp. 82-87, 2013.

[13] E. Suyono, "Determinant factors affecting the audit quality: An Indonesian perspective," *Global Review of Accounting and Finance*, vol. III, no. 2, pp. 42-57, September 2012.

[14] J. V. Carcello and L. N. Albert, "Client size, auditor specialization and fraudulent finansial reporting," *Managerial Auditing Journal*, vol. XIX, no. 5, pp. 651-668, 2004.

[15] D. R. Donald and G. A. Giroux, "Determinants of audit quality in the public sector," *American Accounting Association, The Accounting Review*, vol. LXVII, no. 3, pp. 462-479, July 1992.

[16] J. R. Francis and D. T. Simon, "A test of audit pricing in the small-client segment of the U.S. audit market," *Accounting Review*, vol. LXII, no. 1, pp. 145-157, 1987.

[17] J. H. Choi, J. B. Kim, and Y. Zan, "Do abnormally high audit fees impair audit quality?," *Auditing: A Journal of Practice and Theory*, 2010.

[18] M. W. Nelson, R. Libby, and E. B. Sarah, "Knowledge structure and the estimation of conditional probabilities in audit planning," *The Accounting Review*, vol. LXX, no. 1, pp. 27-47, January 1995.

[19] M. T. Richard, "The effect of experience on the auditor's organization and amount of knowledge," *The Accounting Review*, vol. LVII, no. 4, pp. 783-801, October 1992.

[20] L. E. DeAngelo, "Auditor size and audit quality," *Journal of Accounting and Economic*, vol. III, no. 3, pp. 183-199, 1981.

[21] H. Simamora, *Akuntansi Basis Pengambilan Keputusan, Jilid III, Jakarta: Salemba Empat*, 2002.

[22] M. I. S. Nur, "Pengaruh Kompetensi dan Independensi Auditor terhadap Kualitas Audit (Studi Empiris pada Auditor KAP di Semarang)," 2010.

[23] I. I. O. C. P. Accountants. (2016). Indonesian institute of certified public accountants. [Online]. Available: http: www.iapi.or.id

[24] Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, dan R&D, Bandung*, Jawa Barat: Alfabeta, 2011.

[25] H. Umar, *Metode Penelitian untuk Skripsi dan Tesis Bisnis, Jakarta: RajaGrafindo Persada*, 2005.

[26] E. S. Muliani and R. B. Icuk, "Pengaruh independensi, pengalaman, due professional care dan akuntabilitas terhadap kualitas audit (studi pada auditor di KAP "big four" di indonesia)," Simposium Nasional Akuntansi XIII, 2010.

Faiz Zamzami was born in Demak, May 3rd, 1981. The author is a lecturer and researcher at Program Studi Diploma Akuntansi, Sekolah Vokasi Universitas Gadjah Mada, Yogyakarta, Indonesia. He achieved his bachelor and master in accounting from Fakultas Ekonomika dan Bisnis, Universitas Gadjah Mada, Yogyakara, Indonesia.

He wrote 13 articles which is published by both national and international journals. Some of the articles are: *The Effectiveness of Fraud Prevention and Detection Methods at Universities In Indonesia*. (2016), published by *International Journal of Economics and Financia Issues*. Vol 6, No 3S. ISSN: 2146-4138; *An Analysis of Internal Audit Professional Standard Application in the XYZ State University*, published in the Proceeding of PIKSI Ganesha, ISSN 2407 – 1722; and "Evaluasi Penerapan Sistem Pengendalian Internal di Perguruan Tinggi Negeri X", published by *Jurnal Terakreditasi Multiparadigma, Universitas Brawijaya*. **eISSN**: 2089-5879 and **pISSN**: 2086-7603, Vol 6, No 1 (2015). He is the author of many published books, such as "Sistem Informasi Akuntansi, "Audit Laporan Keuangan Pemerintah Daerah", and "Audit Internal : Konsep dan Teori".

Beside his occupation as a lecturer, Faiz Zamzami, SE., M. Acc., QIA is currently one of the member of Ikatan Akuntan Indonesia (IAI) and Association of Certified Fraud Examiners. He is also an auditor at Audit Committee of Universitas Gajdah Mada, Yogyakara, Indonesia.

Sakina Nusarifa Tantri was born in Wonosobo, May 19th, 1989. The author is a lecturer at Program Studi Diploma Akuntansi, Sekolah Vokasi Universitas Gadjah Mada, Yogyakarta, Indonesia. She achieved her bachelor's degree from Fakultas Ekonomika dan Bisnis Univesitas Gadjah Mada in the major of accounting, and currently, she is studying accounting at Magister Sains jurusan Akuntansi Universitas Gadjah Mada, Yogyakarta, Indonesia.

Her research published in 2012, titled *Examining The Moderating Effect of Demographic Factors of Board of Directors on The Association between Corporate Governance and Earnings Management*. (2012), published by *Journal of Indonesian Economy and Business*, Vol. 27, No. 1, as the first author.

Rudi Prasetya Timur was born in Yogyakarta, Oktober 28th, 1993. The author is a research assistant. He achieved his diploma in 2015 from Diploma Ekonomika dan Bisnis, Sekolah Vokasi Universitas Gadjah Mada, Yogyakarta, Indonesia. Currently, he is studying bachelor's degree at Universitas Negeri Yogyakarta, Indonesia.

A research article he wrote is *The Effectiveness of Fraud Prevention and Detection Methods at Universities In Indonesia*. (2016). *International Journal of Economics and Financia Issues*. Vol 6, No 3S. ISSN: 2146-4138, as the third author. Currently, the author is a lecturer assistant in Diploma Ekonomika dan Bisnis Sekolah Vokasi Universitas Gadjah Mada, Yogyakarta, Indonesia.