

Influence of Auditor Switching, Public Accounting Firm's Reputation, and Workload on The Audit Quality with The Audit Committee's Effectiveness as The Moderating Variable

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Abstract

Purpose: This research aims to examine the influence of auditor switching, Public Accounting Firm's reputation, and workload on the audit quality with the audit committee's effectiveness as a moderating variable.

Method: This research uses the companies listed as LQ 45 on the IDX from 2016-2018, with 33 companies as the sample. The sampling technique was the purposive sampling method. Furthermore, the research data were analyzed using moderate regression analysis (MRA).

Findings: The results show that auditor switching and Public Accounting Firm's reputation positively influence audit quality, while the workload and audit committee's effectiveness do not influence audit quality. The audit committee's effectiveness does not moderate the influence of the independent variables on the audit quality.

Novelty: This research uses the audit committee's effectiveness as a moderating variable to analyze the influence of auditor switching, Public Accounting Firm's reputation, and workload on audit quality.

Keywords: *Audit Quality; Auditor Switching; Public Accounting Firm's Reputation; Workload; Audit Committee's Effectiveness*

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INTRODUCTION

An independent audit should disclose fairness opinions in all material aspects, financial position, results of operations, changes in equity, and cash flow by referring to generally accepted accounting principles in Indonesia. A quality audit must generate high-quality financial statements. De Angelo (1981) argued that audit quality means the level of opportunity for the auditor to detect and report material misstatements in the client's financial statements that may be detrimental and harmful to related parties.

Some unqualified audit cases in Indonesia include the SNP Finance in 2018 and PT Garuda Indonesia in 2019. The SNP Finance case involved the auditor Satrio Bing Eny and his Big Four Public Accounting Firm (Deloitte affiliates). The Ministry of Finance said Marlinna and Merliyana Syamsul violated professional audit standards. Meanwhile, for PT Garuda Indonesia, there was a

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significant misstatement of receivables from PT Mahata Aero, but the payment was not received yet until the end of the period (Hadiyanto, 2019).

Some audit quality studies have been conducted by examining certain factors. Jayanti & Widhiyani (2014), Al-Thuneibat et al. (2011), and Firth et al. (2012) stated that auditor switching positively influences audit quality. Meanwhile, according to Nurhayati & Dwi (2015) and Udayanti & Ariyanto (2017), auditor switching does not affect the audit quality. Other studies use the Public Accounting Firm's reputation variable, such as Al-Khadash (2013), Nurhayati & Dwi (2015), and El-Dyasty & Elamer (2020), and found the Public Accounting Firm's reputation has a positive influence on audit quality. Meanwhile, according to Nadia (2015) and Atmojo & Sukirman (2019), the Public Accounting Firm's reputation negatively affects audit quality.

The auditor's ability to detect errors as early as possible is also determined by the workload. According to Lopez & Peters (2011), audit quality will be low when there is a workload than when there is no workload. According to Ishak, Perdana & Widjajanto (2015) and Edyatami & Sukarmanto (2020), the workload positively affects the audit quality. Meanwhile, according to Rusli & Wiratmaja (2016) and Julia et al. (2019), the workload has a negative influence on it. Other results found by Ardianingsih (2014), Yan & Xie (2016), and Yolanda et al. (2019) showed the workload does not affect the audit quality.

The audit committee as a corporate governance mechanism is predicted to having an important role in audit quality. The findings of Soliman (2014), Utami & Diyanty (2015), Ghafran & O'Sullivan (2017), and Al-Hajaya (2019) showed that the audit committee influences the audit quality positively. Meanwhile, according to Yolanda et al. (2019) and Edyatami & Sukarmanto (2020), the audit committee does not affect the audit quality. Rusli & Wiratmaja (2016) stated that the audit committee weakens the negative effect of workload and positive audit tenure on audit quality. According to Atmojo & Sukirman (2019), the audit committee declines the positive influence of auditor specialization and the negative effect of Public Accounting Firm's reputation the audit quality.

This research aims to examine the effect of auditor switching, Public Accounting Firm's reputation, and workload on the audit quality with the audit committee's effectiveness as the moderating variable. This research selects the LQ 45 company on the IDX as the research object because LQ 45 shares are the most popular stocks for investors, have high liquidity and great market capitalization value, as well as a benchmark for stock price fluctuations on the IDX.

The originality of this research is the use of audit committee's effectiveness as moderating variable. The audit committee's effectiveness is chosen as a moderating variable because it is the implementation of good corporate governance that is obliged to carry out monitoring, both for management and public accountants in the implementation of the audit process. Moreover, Rezaee (2009) states audit committee is one of the vital organs in a company. Hence, the existence of an audit committee's effectiveness will affect audit quality. Going more depth, the audit committee plays a vital role regarding the third party for the bridge between auditor independence and internal auditor. In addition, previous research also reveals that the audit committee is able to be a moderating variable, such as Rusli & Wiratmaja (2016), which states that the audit committee weakens the negative effect of workload and positive audit tenure on audit quality. According to Atmojo & Sukirman (2019), the audit committee weakens the positive influence of auditor specialization and the negative reputation of Public Accounting Firm on audit quality.

The originality lies in the measurement indicator of the auditor switching variable. This research uses Big Four and Non-Big Four Public Accounting Firm classifications to determine the type of auditor switching that occurs. The upgrade is a change from Non-Big Four Public Accounting Firm to Big Four Public Accounting Firm. Downgrade is a change in Big Four Public Accounting Firm to Non-Big Four Public Accounting Firm. Meanwhile, the same grade is a change from Big Four Public Accounting Firm to Big Four Public Accounting Firm or from Non-Big Four Public Accounting Firm to Non-Big Four Public Accounting Firm. In addition, the use of the audit committee as a moderating variable because the audit committee has an important role

in the implementation of good corporate governance, which is obliged to carry out monitoring, both management and public accountants in the implementation of the audit process.

This research is supported by two theories; agency and performance. Jensen & Meckling (1976) stated that agency theory explains a cooperative relationship with an agreement, where one party delegates another to carry out some works using the party's name. The performance, according to Schermerhorn et al. (2002), describes the quality and quantity of the achievement of several tasks done either individually, in groups, or an organization. Various factors influence the performance level. According to Safwan et al. (2013), performance is determined by employees' quality and abilities, supporting facilities, and systems used by management.

Based on agency theory, an independent auditor is a monitoring mechanism that aims to overcome information asymmetry. To generate a more reliable audit, the auditor must be free from the influence and pressure from other parties. Firth et al. (2012) also proved that there is a positive relationship between auditor switching and audit quality. Moreover, the findings of Soliman (2014), Utami & Diyanty (2015), Ghafran & O'Sullivan (2017), and Al-Hajaya (2019) showed that the audit committee influences the audit quality positively.

H₁: Auditor Switching positively influences Audit Quality.

According to agency theory, an independent auditor acts as a monitoring mechanism so that he must have adequate competence and maintain his independence well. According to Nadia (2015), investors assume that Big Four Public Accounting Firm auditors have strong and reliable characteristics that describe quality audits such as training and international recognition. This is due to the large number and variety of clients, the complexity of the types of services provided, the broad coverage area, and the large number of audit staff available. Therefore, Nurhayati & Dwi (2015), and El-Dyasty & Elamer (2020), and found the 's reputation has a positive influence on audit quality.

H₂: Public Accounting Firm's Reputation positively influences the Audit Quality.

Based on performance theory, the workload is an external factor of performance. The auditor's ability to respond to the workload depends on his attitudes, expertise, knowledge, and skills. The auditors who are less able to face the workload will reduce the quality of their performance so that the audit quality will decrease. According to Lopez & Peters (2011), the pressure that appears during the workload is marked by the tension that occurs between limited resources and an obligation to complete the work which is sometimes not matched by the time allocation. This results in auditor fatigue, thereby reducing his capability. Supporting this issue, Rusli & Wiratmaja (2016) and Julia et al. (2019) also showed that workload negatively affects audit quality.

H₃: Workload negatively influences the Audit Quality.

Apart from an independent auditor, according to agency theory, the audit committee is also included as one of the monitoring mechanisms. According to the Financial Services Authority Regulation No. 55 / PJOK.04 / 2015, the audit committee must provide necessary advice on the appointment of a public accountant to the board of commissioner and contribute opinions if there is a dispute between management and auditors and support the auditors to maintain their independence. Due to these roles, the level of audit committee's effectiveness will also affect the audit quality. This research is in line with Soliman (2014), Utami & Diyanty (2015), and Ghafran & O'Sullivan (2017).

H₄: Audit Committee's Effectiveness positively influences the Audit Quality.

The audit committee, as a monitoring mechanism, has the role of providing recommendations for the Public Accounting Firm appointment. The audit committee has an important role in the implementation of good corporate governance (Rezaee, 2009). One of the duties of the audit

committee is to provide recommendations for the appointment of Public Accounting Firm. This means that when the change of auditors is based on the appropriate recommendations of the audit committee, it can result in better audit quality. In other words, the presence of more effective audit committee performance is able to strengthen the relationship between audit turnover and audit quality. Safriliana & Muawanah (2019) state the audit committee affects auditor switching so that the voice of the audit committee can affect the audit quality.

H₅: Audit Committee's Effectiveness Strengthens the Influence of Auditor Switching on Audit Quality

The selection of a reputable Public Accounting Firm and the addition of an effective audit committee are able to improve audit quality. This is in accordance with the Financial Services Authority Regulation No.55 / POJK.04 /2015, that the audit committee plays a role in the selection of Public Accounting Firm. According to Atmojo & Sukirman (2019), reputable Public Accounting Firm has good financial capacity so that it can maintain its independence. Furthermore, the monitoring carried out by the audit committee during the audit process is able to ensure that the audit is carried out properly. In addition, the audit committee also provides views on issues related to financial policies, accounting, and internal control. This means that when the audit committee functions effectively, it will strengthen the positive influence of Public Accounting Firm's reputation on audit quality.

H₆: The Audit committee's effectiveness Strengthens the Effect of Public Accounting Firm's Reputation on Audit Quality

Audit committees that have high effectiveness can weaken the negative effect of workload on audit quality. The role of the audit committee is to reduce the negative effect of workload on audit quality. According to Udayanti & Ariyanto (2017), independent and active audit committees tend to choose Public Accounting Firm with low workloads to avoid mutualistic relationships and prevent a decline in auditor capability. So that the existence of an effective committee in a company will be able to weaken the negative effect of workload on audit quality. In other words, even though the workload of the auditors is high, with the direction and cooperation of an effective audit committee, it will be able to produce quality audits. Consistently, Rusli & Wiratmaja (2016) state the audit committee is able to weaken the negative effect of workload on audit quality.

H₇: Audit Committee's Effectiveness Weakens the Influence of Workload on the Audit Quality

METHODS

This research uses the hypothesis testing study method and secondary data taken from the annual reports of the companies that are listed for three consecutive years (2016-2018) as LQ 45 on the IDX. The purposive sampling method is applied as the sampling technique. The following samples obtained from the purposive sampling are presented in table 1.

Based on table 1, there are 33 companies and a 3-year research period so that the total sample units are 99 units. However, after statistical analysis, there is a normality problem, so the authors decide to detect outlier data. Those are PT AKR Corporindo 2018, PT Astra International Tbk 2016, PT HM Sampoerna Tbk 2016, PT Matahari Department Store Tbk 2016, PT Media Nusantara Citra Tbk 2017, PT Tambang Batubara Bukit Asam Tbk 2016, PT PP (Persero) Tbk 2016, PT PP (Persero) Tbk 2017, PT PP (Persero) Tbk 2018, PT Surya Citra Media Tbk 2018, PT United Tractors Tbk 2016, PT Wijaya Karya (Persero) Tbk 2016, PT Wijaya Karya (Persero) Tbk 2017, PT Wijaya Karya (Persero) Tbk 2018, and PT Waskita Karya (Persero) Tbk 2016, PT Waskita Karya (Persero) Tbk 2017, PT Waskita Karya (Persero) Tbk 2018. There are 17 outlier data, so there are 82 sample units.

Audit quality is measured by discretionary accruals. Discretionary accruals are the accruals that are based on management discretion and have no relationship with the company's economic phenomena (Jones, 1991). According to Krishnan (2003), quality auditors can improve the

Table 1. Sample Data

Sample Criteria	Total
Number of LQ 45 Companies listed on IDX 2016	45
Number of LQ 45 Companies listed on IDX 2017	39
Number of LQ 45 Companies listed on IDX 2018	33
There is complete information about the audit committee and Public Accounting Firm's services used.	33
Complete financial report data in Indonesian Rupiah or other currencies accompanied by Bank Indonesia middle rate of exchange on the financial statement presentation date.	33
Obtaining Unqualified Audit Opinion	33
Research Period	3
Number of analysis units before outliers	99
Outlier Data	17
Number of analysis units after outliers	82

Source: Processed data, 2020

information quality by reducing aggressive accruals in a financial statement. Therefore, the high discretionary accruals indicate a high-profit manipulation. High earnings manipulation in the financial statements means that the auditors fail to detect or report misstatements, so that the level of discretionary accruals also shows the level of audit quality.

The audit committee's effectiveness can be viewed from a scoring developed by Setiawan & Fitriany (2011). There are three elements to be measured: responsibility activities, number of members, and competencies of the audit committee. They are then translated into twelve indicators, and the maximum score that can be obtained is 36 points. The good criterion is given a score of 3, Fair score is 2 and Poor score is 1. Each indicator has been adjusted to applicable regulations regarding the formation and work guidelines of the latest audit committee (the Financial Services Authority Regulation Number 55 / POJK.04 / 2015).

Indicators 1-8 concerning information on the implementation of the audit committee's duties are classified as Good if the information is listed in the report, and Poor if it is not. Indicator 9 describes the number of audit committee meetings. It is good if the number of meetings is more than 6 times, Fair if it is held 4-6 times, and Poor if it less than 4 times. Indicator 10 explains the average attendance of members in the audit committee meetings. It is good if the average member attendance is higher than 80%; fair if it is around 70% -80%; and poor if it is lower than 70%. Indicator 11 is about the competence of the audit committee which is presented by the number of members who were accounting education graduates. It is good if it is higher than 1; fair if it exactly 1; and poor if none of the members have an accounting background. Indicator 12 indicates the average age of the audit committee; it is good if they are more than 40; fair if they are around 30-40; and poor if most of them are below 30.

Auditor switching can be viewed from the name change of Public Accounting Firm in the independent auditor's report. Meanwhile, Public Accounting Firm's reputation is measured using dummy variables, namely Big Four and Non-Big Four Affiliated Public Accounting Firm. The workload measurement uses a comparison between the number of clients and the number of auditors in Public Accounting Firm. The following is a summary of the operational definitions presented in table 2.

The data are obtained from the annual report downloaded on the IDX website and data from the Ministry of Finance by submitting requests for information through the Ministry of Finance e-PPID application. The data analysis is conducted through descriptive statistical and multiple linear analyzes using the absolute value difference test to examine the moderating variable. The significance for hypothesis testing uses a significance of 5% ($\alpha = 0.05$).

Table 2. Operational Definition of Each Variable

No.	Variable	Operational Definition	Measurement Indicator	Source
1.	Audit Quality	The level of the auditor's ability to detect and report misstatements that can be assessed from the level of discretionary accruals in the audited financial statements	<p>First step: $TACC_{it} = INCBFXT_{it} - CFO_{it}$</p> <p>Second step: Calculating Total Accrual/ Total Assets and estimating β $TACC_{it}/TA_{it-1} = \alpha_1(1/TA_{it-1}) + \alpha_2 [\Delta REV_{it}/TA_{it-1} - \Delta REC_{it}/TA_{it-1}] + \alpha_3 (PPE_{it}/TA_{it-1}) + \alpha_4 (ROA_{it-1}/TA_{it-1}) + e_{ita}$</p> <p>Third step: $NDACC_{it}/TA_{it-1} = \alpha_1(1/TA_{it-1}) + \alpha_2 [\Delta REV_{it}/TA_{it-1} - \Delta REC_{it}/TA_{it-1}] + \alpha_3 (PPE_{it}/TA_{it-1}) + \alpha_4 (ROA_{it-1}/TA_{it-1})$</p> <p>Fourth step: $DACC_{it} = TACC_{it} - NDACC_{it}$</p> <p>Note: $TACC_{it}$: Total accruals on period t TA_{it-1} : Total assets on period t-1 ΔREV_{it} : change in revenue from year t-1 to year t ΔREC_{it} : changes in the net value of receivables from year 1 to year t PPE_{it} : the gross value of the fixed assets for the period t ROA_{it-1} : return on asset period t-1 $NDACC_{it}$: non-discretionary accruals $DACC_{it}$: discretionary accruals</p>	(Kothari <i>et al.</i> , 2005)
2.	Auditor Switching	Change of Public accounting firm in client's company	<p>0: no Public Accounting Firm change</p> <p>1: Public Accounting Firm change into higher class; Non-Big Four Public Accounting Firm to Big Four Public Accounting Firm (<i>upgrade</i>)</p> <p>2: Public Accounting Firm change into lower class; Big Four Public Accounting Firm to Non-Big Four Public Accounting Firm (<i>downgrade</i>)</p> <p>3: auditor switching within the same class; Big Four Public Accounting Firm to Big Four Public Accounting Firm or Non-Big Four Public Accounting Firm to Non-Big Four Public Accounting Firm (<i>same grade</i>).</p>	(Setiarni & Solikhah, 2018)
3.	Public accounting firm's Reputation	A view on the good name, performance, and public trust that auditors bring and Public Accounting Firm where auditors work. (Hidayanti & Sukirman, 2014) size of company, and audit opinion of previous year on the provision of the audit opinion of going concern. This research population was manufacturers listed in the Indonesian Stock Exchange. Sampling method in this research with purposive sampling. There are 58 manufacturers. The conclusion of the result of auditor reputation variable and size of company had no effect on the provision of the audit opinion of going concern, while the audit opinion of previous year had effect on the provision of the audit opinion of going concern. It is recommended to the subsequent researchers in order to extend the period as the observational year to be more than 2 (two)	<p>0: Public Accounting Firm is not affiliated with Big Four Public Accounting Firm</p> <p>1: Public Accounting Firm is affiliated with Big Four Public Accounting Firm</p>	(Hidayanti & Sukirman, 2014)
4.	Workload	The pressure faced by the auditor concerning the number of audit clients he has to manage. (Setiawan & Fitriany, 2011)	$Workload = \text{Number of clients in one year} / \text{Number of employees (auditors) in a Public Accounting Firm}$	(Setiawan & Fitriany, 2011)
5.	Audit Committee's Effectiveness	The sum of Activities, responsibilities, size, and competence of the audit committee (based on POJK Number 55 of 2015).	<p>29-31: Good</p> <p>27-28: Fair</p> <p>25-26: Poor</p> <p>Maximum Score = 36</p>	(Setiawan & Fitriany, 2011)

Source: Processed data, 2020

RESULTS AND DISCUSSION

Based on the results of descriptive statistical analysis, the following are the minimum, maximum, mean, and standard deviation values of the research variables in table 3. Based on the

Table 3. Descriptive Statistical Analysis Results

Variable	N	Minimum	Maximum	Mean	Std. deviation
Discretionary Accrual	82	-0.15	0.11	-0.007	0.05
Auditor Switching	82	0.00	3.00	-	-
Reputation of Public Accounting Firm	82	0.00	1.00	-	-
Workload	82	0.54	8.81	1.94	1.42
Audit Committee Effectiveness	82	25.00	31.00	28.13	1.50
Valid N (listwise)	82				

results of descriptive statistical analysis, the following are the minimum, maximum, mean, and standard deviation values of the research variables in table 3.

Based on the results of descriptive statistical analysis, the highest discretionary accrual or the lowest audit quality is 0.11, indicating that the company carries out accrual management by increasing its profit by 0.11066 or 11% of lagged assets. While the lowest workload value of 0.54 indicates that in the Public Accounting Firm there are two employees who handle one client in one audit year. Meanwhile, the highest value of 8.81 indicates that in one audit year, there is one employee who handles eight to nine clients. The audit committee's effectiveness provides a maximum value of 31, which is close to the maximum total value that can be obtained, namely 36. Auditor switching and Public Accounting Firm reputation variables are nominal variables, so that the average value and standard deviation cannot be calculated.

According to the results of descriptive statistical analysis of the company's audit quality, the minimum, maximum, mean, and standard deviation values are respectively -0.15, 0.11, -0.00, and 0.05. There are 93% of sample units that do not hold auditor switching, while 6.09% do the same grade switching. The 69 sample units use Big Four Public Accounting Firm while 13 sample units use Non-Big Four Public Accounting Firm. The workload has a minimum 0.54, maximum 8.81, mean 1.94 and standard deviation values 1.42. audit committee's effectiveness has a minimum, maximum, mean and standard deviation values 0.54, 8.81, 1.94, 1.42 and 25.00, 31.00, 28.13, 1.50, respectively.

Based on the normality test, the research data are not normally distributed, where the Asymp. Sig. (2-tailed) Unstandardized Residual 0.02 (<0.05). After removing the outlier data, a sample of 82 units is obtained. From the linearity test, the significance value of the linearity deviation of the four variables is higher than 0.05, so that H_0 is accepted, which means that the specifications of the research model have been correct.

Adjusted R^2 of 0.093 shows that the independent variable and the moderating variable are able to explain the dependent variable by 9.3%. Meanwhile, 90.7% is explained by other variables not included in this research model. A summary of hypothesis testing is shown in table 4.

Influence of Auditor Switching on the Audit Quality

The hypothesis testing results show that auditor switching has a significant positive influence on audit quality. Based on agency theory, a monitoring mechanism can be used to overcome information asymmetry (auditor independence). To make the audit results more reliable, the auditor must be free from the influence of various parties. The existence of auditor independence in the audit process can ensure the achievement of quality audit results. This is able to produce reliable information for stakeholder decision making. Audit tasks carried out by the auditors in a longer period make them being emotionally bound and causing escalation problems in commitment related to auditor decisions (Giri, 2010). According to Jayanti & Widhiyani (2014), auditor switching is the most appropriate method to prevent the disturbance of auditor independence. Government Regulation No. 20 of 2015 concerning Public Accountant Practices also limits the period of providing audit services for historical financial information for Public Accountants and Associated Parties in order to maintain auditor independence. The results of this

Table 4. Hypothesis Testing Result

No	Hypothesis	β	Significance	Result
1	Auditor Switching has a positive influence on Audit Quality	-0.011	0.047	Accepted
2	Public Accounting Firm's reputation has a positive influence on Audit Quality	-0.020	0.001	Accepted
3	Workload has a negative influence on Audit Quality	-0.000035	0.498	Rejected
4	Audit committee's effectiveness has a positive influence on Audit Quality	0.005	0.187	Rejected
5	Audit committee's effectiveness strengthens the positive influence of Auditor Switching on Audit Quality	0.015	0.054	Rejected
6	Audit committee's effectiveness strengthens the positive influence of Public Accounting Firm's reputation on Audit Quality	-0.011	0.076	Rejected
7	Audit committee's effectiveness weakens the negative influence of Workload on Audit Quality	-0.002	0.393	Rejected

Source: Processed data 2020

research are consistent with the findings from Al-Thuneibat et al. (2011) and Firth et al. (2012) which showed that auditor switching positively influences audit quality.

Influence of Public Accounting Firm's Reputation on the Audit Quality

Hypothesis testing findings show the Public Accounting Firm's reputation has a significant positive effect on audit quality. According to Nurhayati & Dwi (2015), the auditors who are members of the Big Four Public Accounting Firm have better alertness and quality. Financially, Big Four Public Accounting Firm is less dependent on clients. Large accounting firms can provide better audit results as well because big four accounting firms never compromise on audit quality.

According to agency theory, the principal needs a third party to bridge their interests with the agency. The third party serves to prevent information asymmetry between the two parties. Third parties must be able to maintain their independence and competence so that the information provided to principals can be relied upon. This is done to prevent information asymmetry from occurring. The principal, as the client, will choose a Public Accounting Firm with adequate independence and competence. According to Nurhayati & Dwi (2015), the clients will assume that the auditors who are members of reputable Public Accounting Firm are the capable ones who can easily find that the auditee company situation is not good. The findings are similar to Al-Khadash (2013), Nurhayati & Dwi (2015), and El-Dyasty & Elamer (2020).

Influence of workload on Audit Quality

The hypothesis testing shows that there is no significant influence between partially workload and audit quality. Based on the performance theory, the achievement level of auditors' performance is influenced by internal and external factors. The internal factors include attitudes, expertise, knowledge, and skills of auditors. Auditors who have advantages in these four aspects can handle the workload well. This shows that when Public Accounting Firm faces a high workload, a Public Accounting Firm will still try to maintain its professionalism. This is probably because auditors always adhere to the code of ethics and auditing standards that require auditors to carry out audit work to maintain their professionalism. This causes the workload to not influence the quality of auditors' work, so that audit quality remains stable.

A total of 69 sample units in this research use Big Four Public Accounting Firm services and 13 sample units are Non-Big Four. This reflects that Big Four Public Accounting Firm can handle and manage the workload in auditing properly. Besides, based on descriptive analysis, the

average Public Accounting Firm has a workload value of 1,94, which indicates that the workload level is still low because it is closer to the minimum value (0.54) compared to the maximum one. This finding is in line with some research (Ardianingsih, 2014; Yan & Xie, 2016; and Yolanda et al., 2019).

Influence of Audit Committee's Effectiveness on the Audit Quality

The hypothesis testing shows the audit committee's effectiveness does not influence the audit quality. The average score of the audit committee's effectiveness is 28, indicating that the audit committee has high effectiveness because it is close to the maximum value of 31. However, many audit committees in the sample companies have served as the board of commissioners or the board of directors at the same time, which causes a conflict of interest. This makes the audit committee is not optimal in carrying out its tasks. Ardianingsih (2014) stated that this condition causes the existence of the audit committee to simply abort its obligations required by Bank Indonesia. The absence of this influence can also be due to the tight audit committee's oversight on external auditors so that the auditors feel they have limited space and cannot work optimally. It can be interpreted that when the audit committee's effectiveness is high, the company's internal control can be relied on, but on the other hand, the auditor's performance is less than optimal. These two directions of influence cause the effectiveness of the audit committee in this study to be insignificant in influencing the audit quality. This finding is in line with Yolanda et al. (2019) and Edyatami & Sukarmanto (2020).

Influence of Moderation on the Audit committee's effectiveness on Auditor Switching on Audit Quality

The audit committee's effectiveness does not moderate the influence of auditor switching on audit quality. This is because there are regulations on the limitation of the audit engagement period for Public Accountants and Associated Parties so that both companies and public accountants will switch either with or without recommendations from the audit committee. According to Ardani (2017), although the audit committee has carried out its duties under the rules, the audit committee has not strengthened the effect of auditor switching on audit quality because of the independence of the audience, which has indeed been formed well. In line with Sihotang (2014), the presence of the audit committee cannot influence auditor switching.

According to agency theory, the audit committee as a monitoring mechanism aims to suppress agency problems. However, when supervision is not optimal, the role of the audit committee in dealing with agency problems is also not optimal. However, in the research sample, many audit committees serve on the board of commissioners or directors, causing a conflict of interest. This may disrupt the independence of the audit committee so that the recommendations, supervision, and independent opinions of the audit committee cannot be relied on. These results are consistent with Ardani (2017).

Influence of Moderation on the Audit committee's Effectiveness on Public Accounting Firm's Reputation on Audit Quality

The test results show that the audit committee's effectiveness does not moderate the effect of Public Accounting Firm's reputation on audit quality. The coefficient value of the Public Accounting Firm's reputation variable and the absolute difference between the reputation of the Public Accounting Firm and the audit committee's effectiveness is the same. However, after moderation, the significance of the moderating variable is higher than 0.05 (0.076), so that the effect of Public Accounting Firm's reputation on audit quality becomes insignificant.

The average audit committee's effectiveness in this research is high, while the Public Accounting Firm's reputation of 84.1% is classified as the Big Four Public Accounting Firm. Big Four Public Accounting Firm is proven to generate better audit quality than the Non-Big Four. This fact indicates that when the Big Four auditors face an audit committee that provides tight supervision, they will feel strong pressure so that they cannot perform their abilities optimally. On the other hand, an audit committee that works effectively will provide the auditors with broader

client business information so they can understand the client's business. These two opposite sides cause the audit committee's effectiveness to positively but not significantly affect audit quality. This finding is supported by Zgarni et al. (2016), who stated that the audit committee cannot moderate the relationship between Public Accounting Firm's reputation and audit quality.

Influence of Moderation of Audit Committee Effectiveness on Workload on Audit Quality

The hypothesis testing results show the audit committee's effectiveness does not moderate the influence of workload on audit quality. After moderation, the beta coefficient is negative 0.002 from being moderated at negative 0.005. This means that the audit committee's effectiveness weakens the influence of workload on audit quality but is not significant. The audit committee does not moderate the influence of workload on audit quality due to the less optimal performance of the audit committee. The audit committee oversees providing recommendations for the right Public Accounting Firm to produce quality financial information. However, if the audit committee does not have high competence and integrity, the recommendations given can be misleading. This may also occur because of the large number of audit committees who simultaneously serve as directors or board of directors which raises conflicts of interest. The results contradict the research of Rusli & Wiratmaja (2016) who found that the existence of an audit committee can weaken the effect of workload on audit quality.

CONCLUSION

This research results show that audit quality will increase along with the implementation of auditor switching and the use of Big Four Public Accounting Firm services. This is because the auditor switching can prevent the auditor's emotional closeness to the client so that his independence can still be well-maintained. Big Four Public Accounting Firm generates higher audit quality because of their auditors' capability and integrity. Meanwhile, the workload does not influence audit quality because the auditors have sufficient competence to deal with the workload, so that it does not affect their performance. The audit committee's effectiveness has neither effect nor moderate the influence of independent variables on audit quality due to the less optimal performance and unavoidable conflict of interest.

Hence, this research suggests the companies pay attention to the preparation and implementation of audit committee tasks and duties and protect audit committee members from conflicts of interest. They are also required to use reputable Public Accounting Firm or Big Four Public Accounting Firm affiliates to get better audit quality. The regulator should make a more detailed regulation related to Big Four Public Accounting Firm in terms of their duties in Indonesia.

The research limitation is the dependent variables can only be explained by 9.3%, while the rest, 90.7%, is explained by other independent variables outside the research framework. Hence, future research should include the measurement of audit quality from the auditor's point of view (auditor's competence and independence), considering that this research only uses benchmarks from financial statements. Other independent variables such as opinion shopping may be added.

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