

**THE EFFECT OF AUDITOR COMPETENCE, AUDITOR EXPERIENCE, AND  
AUDIT FEES ON AUDIT REPORT QUALITY AT PUBLIC ACCOUNTING FIRMS  
IN SURAKARTA CITY**

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**Abstract:** This article examines how auditor competence, auditor experience, and audit fees relate to the quality of audit reports produced by public accounting firms in Surakarta City. Audit report quality is treated as a central indicator of professional audit performance because the audit report communicates the reliability of financial statements to external users and supports economic decision-making. The research applied a quantitative design using primary data obtained from structured questionnaires administered to auditors employed by public accounting firms in Surakarta City. From 72 questionnaires distributed, 50 responses were returned and considered suitable for analysis. The data were evaluated through instrument testing, classical assumption testing, multiple linear regression, the F-test, the t-test, and the coefficient of determination. The partial results show that auditor competence does not have a significant effect on audit report quality, auditor experience has a significant effect, and audit fees do not have a significant effect. Simultaneously, however, auditor competence, auditor experience, and audit fees jointly influence audit report quality. The adjusted R-square value of 0.247 demonstrates that the three predictors account for 24.7% of the variation in audit report quality, whereas 75.3% is attributable to factors beyond the model. The evidence emphasizes the practical importance of assigning experienced auditors, strengthening engagement supervision, and maintaining effective quality-control procedures within public accounting firms.

**Keywords:** *auditor competence; auditor experience; audit fees; audit report quality; public accounting firms.*

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## **1. Introduction**

Audit reports play an important role in financial reporting because they communicate the auditor's professional opinion regarding the fairness and reliability of financial statements. Investors, creditors, regulators, and other stakeholders rely on audit reports to reduce information asymmetry and support economic decision-making. Consequently, audit report quality has become a crucial aspect of public accounting practice, particularly in maintaining public trust in audited financial information.

The quality of an audit report reflects not only compliance with auditing standards but also the auditor's ability to gather sufficient evidence, evaluate audit findings, and formulate appropriate professional judgments. Weak audit quality may reduce confidence in financial

statements and increase the risk of inaccurate business decisions. Therefore, identifying factors that influence audit report quality remains an important issue in auditing research and professional practice.

One factor frequently associated with audit report quality is auditor competence. Competence refers to the auditor's technical knowledge, understanding of auditing standards, analytical ability, and professional skill in conducting audit procedures. Competent auditors are expected to identify material misstatements more effectively and produce audit reports that are reliable and consistent with professional standards.

In addition to competence, auditor experience is also considered important in improving audit quality. Auditor experience develops through repeated involvement in audit engagements, exposure to various client conditions, and practical problem-solving during the audit process. Experienced auditors are generally more capable of assessing audit risks, interpreting audit evidence, and making professional judgments in complex situations. Such experience may improve the accuracy and reliability of audit reports.

Another factor that may influence audit report quality is audit fees. Audit fees represent the compensation received by auditors for audit services performed. In practice, audit fees are often associated with engagement complexity, audit risk, audit duration, and the resources required to complete the audit. Adequate audit fees may support better audit implementation because auditors can allocate sufficient time and resources during the engagement process.

Several previous studies have examined the relationship between auditor competence, auditor experience, audit fees, and audit quality. Sisna Armawan and Wiratmaja (2020) found that competence, experience, and audit fees positively influence audit quality. Fauziah and Yanthi (2021) also reported that auditor competence and experience affect audit quality in public accounting firms. However, other studies have produced inconsistent findings. Dewita and Nr (2023) reported that audit fees did not significantly influence audit quality, while some studies found that competence does not always become a dominant determinant of audit outcomes in highly standardized audit environments.

The inconsistency of previous findings indicates that the relationship between auditor competence, auditor experience, audit fees, and audit report quality remains inconclusive and may vary depending on organizational conditions, audit environments, and respondent characteristics. In addition, empirical studies specifically examining audit report quality in public accounting firms in Surakarta City remain limited. Differences in engagement characteristics, client complexity, and audit practices between regional and large metropolitan public accounting firms may produce different empirical outcomes.

Based on these conditions, this study examines the effect of auditor competence, auditor experience, and audit fees on audit report quality at public accounting firms in Surakarta City. This research is expected to provide empirical evidence regarding factors influencing audit report quality in regional public accounting firms and contribute practical insight for improving audit quality management and auditor performance.

## **2. Literature Review**

### **2.1. Audit Report Quality**

Audit report quality refers to the extent to which the auditor's report presents a reliable, accurate, and professionally justified opinion on an entity's financial statements. A high-quality report is supported by sufficient and appropriate audit evidence, prepared in accordance with auditing standards, and communicated in a manner that helps users understand the credibility of the reported financial information. Thus, audit report quality is

not only a matter of report format but also a reflection of the audit process from which the report is derived.

In practice, the quality of an audit report depends on the auditor's ability to plan the engagement, obtain relevant evidence, evaluate audit findings, and align the final opinion with the actual condition of the financial statements. The report is the visible output of a broader assurance process; consequently, weak audit planning, inadequate evidence evaluation, or insufficient professional skepticism may reduce report reliability. Audit report quality therefore represents the outcome of systematic, independent, and standard-compliant audit work.

## **2.2. Auditor Competence**

Auditor competence denotes the technical and professional capacity required to perform audit tasks in accordance with applicable standards. It covers knowledge of accounting and auditing principles, skill in designing and implementing audit procedures, and the ability to interpret audit evidence in light of client risks. Competent auditors are expected to recognize relevant audit issues, select appropriate procedures, and develop conclusions that can support reliable audit reporting.

The theoretical importance of competence is grounded in the analytical nature of audit work. Auditors must understand the client's business environment, assess the risk of material misstatement, and evaluate whether evidence obtained is persuasive enough to support an opinion. Higher competence should increase the auditor's ability to detect errors or irregularities and reduce the likelihood of inappropriate audit conclusions. Accordingly, auditor competence is expected to contribute positively to audit report quality.

Based on this discussion, the first hypothesis is formulated as follows :

*H1: Auditor competence has a positive and significant effect on audit report quality at public accounting firms in Surakarta City.*

## **2.3. Auditor Experience**

Auditor experience refers to the professional exposure accumulated through years of audit work and the number of engagements completed. Experience enables auditors to understand client characteristics more quickly, anticipate audit risks, evaluate evidence more effectively, and make decisions under uncertainty. Compared with less experienced auditors, experienced auditors are more likely to draw on prior cases when interpreting unusual transactions or identifying possible misstatements.

Experience also strengthens professional sensitivity. Auditors who have encountered diverse clients and audit problems tend to develop a richer understanding of industry practices, documentation weaknesses, internal control deficiencies, and recurring reporting issues. This practical knowledge may improve the selection of audit procedures and enhance the accuracy of audit judgments. Therefore, auditor experience is expected to support higher audit report quality.

Based on this discussion, the second hypothesis is formulated as follows :

*H2: Auditor experience has a positive and significant effect on audit report quality at public accounting firms in Surakarta City.*

## **2.4. Audit Fees**

Audit fees are the professional compensation received by auditors for conducting audit services. In many engagements, the fee level is determined by audit complexity, perceived

risk, estimated audit time, and the resources required to complete the work. Proportionate fees can facilitate proper audit execution because the audit team has sufficient capacity to perform planning, fieldwork, review, and reporting procedures.

Nevertheless, the association between audit fees and audit report quality cannot be assumed to be automatic. Higher fees may provide greater resources, but they do not necessarily ensure better reporting if professional standards, independence, and supervision are weak. Conversely, lower fees do not inevitably reduce report quality when auditors maintain professional discipline and comply with required procedures. The relationship between audit fees and audit report quality therefore requires empirical verification.

Based on this discussion, the third hypothesis is formulated as follows:  
*H3: Audit fees have a positive and significant effect on audit report quality at public accounting firms in Surakarta City.*

### **3. Research Method**

This research adopted a quantitative approach because it examined the statistical effect of auditor competence, auditor experience, and audit fees on audit report quality. The approach was appropriate because the variables were measured numerically and analyzed through inferential statistical procedures. In line with quantitative research logic, the study tested predetermined hypotheses using data collected from respondents in the audit profession (Sugiyono, 2019; Sugiyono & Lestari, 2021). The population in this study consisted of auditors working at Public Accounting Firms (PAFs) located in Surakarta City. Based on the collected institutional data, the total population involved in this study was 72 auditors.

This study initially applied a census or saturated sampling approach, in which all members of the population were targeted as research respondents. According to Sugiyono (2019), saturated sampling is a sampling technique in which all members of the population are used as research samples when the population size is relatively limited.

Accordingly, questionnaires were distributed to all 72 auditors working in the selected Public Accounting Firms. However, not all distributed questionnaires could be fully processed due to incomplete responses and several unreturned questionnaires. After the screening process, only 50 questionnaires met the research criteria and were considered suitable for further statistical analysis. Therefore, although the study employed a census-based distribution strategy, the final usable sample consisted of 50 respondents. These respondents were considered sufficient to represent the research population and support the statistical analysis conducted in this study.

The study relied on primary data gathered through closed-ended questionnaires. The questionnaire items were developed from the indicators of each variable and measured using a five-point Likert scale, ranging from 1 for strongly disagree to 5 for strongly agree. The scale captured respondents' perceptions of auditor competence, auditor experience, audit fees, and audit report quality.

Data analysis consisted of instrument testing, classical assumption testing, multiple linear regression, the F-test, the t-test, and the coefficient of determination. Instrument testing assessed whether the questionnaire items were suitable for measuring the research variables. Classical assumption testing evaluated whether the regression model satisfied the assumptions required for valid estimation. Multiple linear regression was then used to estimate the direction and magnitude of the relationship between the three independent variables and audit report quality. The F-test measured the simultaneous effect of the independent variables, while the t-test assessed the partial contribution of each predictor. The

coefficient of determination indicated the proportion of variation in audit report quality explained by the model. These procedures follow the general statistical testing framework described by Ghozali (2018, 2021).

The multiple linear regression model was specified as follows :

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Information:

- Y = Audit Report Quality
- $\alpha$  = Constant
- $\beta_1, \beta_2, \beta_3$  = Regression Coefficients
- X1 = Auditor Competence
- X2 = Auditor Experience
- X3 = Audit Fees
- e = Error Term

## 4. Results and Discussion

### 4.1. Result

#### Description of the Research Object

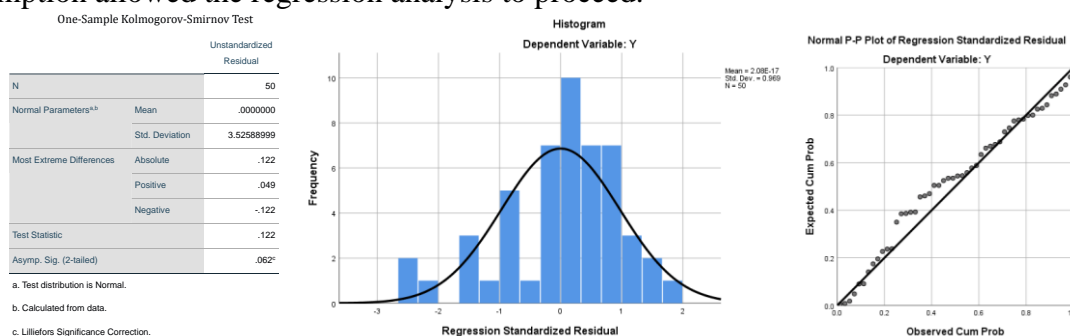
The research was conducted among auditors employed by public accounting firms in Surakarta City. Respondents were involved in financial statement audit activities and were therefore regarded as capable of evaluating issues related to auditor competence, auditor experience, audit fees, and audit report quality.

Of the 72 questionnaires distributed, 50 were returned and suitable for processing, producing a response rate of 69.4%. Respondents included both male and female auditors, with variation in age and educational background. The 50 usable responses formed the empirical basis for the subsequent statistical tests.

#### Instrument Testing and Classical Assumption Tests

The validity test showed that all statement items measuring auditor competence, auditor experience, audit fees, and audit report quality had calculated r-values greater than the table r-value. On this basis, all questionnaire items were considered valid and appropriate for use in the analysis.

The normality test generated an Asymp. Sig. value of 0.062. Because this value is greater than 0.05, the residuals were normally distributed. The fulfillment of the normality assumption allowed the regression analysis to proceed.

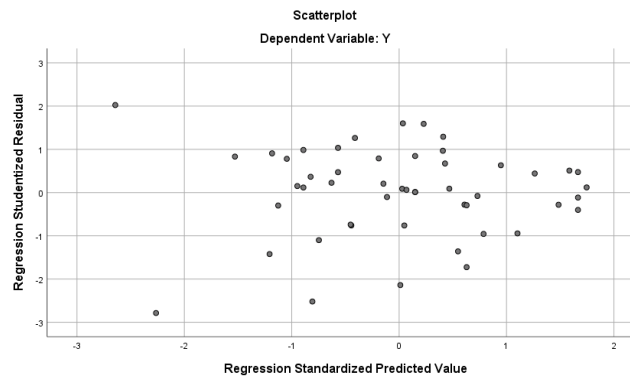


The multicollinearity assessment showed that all independent variables had tolerance values greater than 0.10 and VIF values below 10. These results demonstrate that the model

did not suffer from multicollinearity; in other words, auditor competence, auditor experience, and audit fees were not excessively correlated with one another in the regression model.

Model	Collinearity Statistics	
	Tolerance	VIF
1		
(Constant)		
X1	.734	1.362
X2	.430	2.327
X3	.464	2.154

The heteroscedasticity test indicated that each independent variable had a significance value greater than 0.05. The model therefore did not exhibit heteroscedasticity, meaning that the variance of the residuals could be treated as stable across observations.



The autocorrelation test produced a Durbin-Watson value of 1.628. Because this value falls within the range of 1.5 to 2.5, the model was not affected by autocorrelation. Taken together, the classical assumption tests indicate that the regression model was suitable for hypothesis testing.

**Model Summary<sup>b</sup>**

Model	Durbin-Watson
1	1.618 <sup>a</sup>

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y

**Multiple Linear Regression Analysis**

Model		Coefficients <sup>a</sup>					Collinearity Statistics Tolerance
		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	
1	(Constant)	5.451	3.845		1.418	.163	
	X1	.183	.212	.125	.862	.393	.734
	X2	.632	.272	.440	2.324	.025	.430
	X3	.046	.226	.037	.203	.840	.464

The multiple linear regression analysis produced a constant value of 5.451. The regression coefficient for auditor competence was 0.183, the coefficient for auditor experience was 0.632, and the coefficient for audit fees was 0.046. Based on these results, the multiple linear regression equation is as follows :

$$Y = 5,451 + 0.183X1 + 0.632X2 + 0.046X3 + e$$

The constant value of 5.451 means that, when auditor competence, auditor experience, and audit fees are held constant, audit report quality has an estimated value of 5.451. The auditor competence coefficient of 0.183 means that a one-unit increase in auditor competence is associated with an increase of 0.183 in audit report quality, assuming that auditor experience and audit fees remain unchanged. The coefficient is positive, although its statistical relevance must be interpreted using the partial test results.

The auditor experience coefficient of 0.632 means that a one-unit increase in auditor experience is associated with an increase of 0.632 in audit report quality, assuming auditor competence and audit fees remain constant. This is the largest coefficient in the model, suggesting that auditor experience provides the strongest contribution among the three predictors.

The audit fee coefficient of 0.046 means that a one-unit increase in audit fees is associated with an increase of 0.046 in audit report quality, assuming auditor competence and auditor experience remain constant. Although the direction is positive, the size of the coefficient is relatively small compared with the coefficients of auditor competence and auditor experience.

Overall, the regression coefficients show that auditor experience is the most dominant variable in the model.

### F-Test

The F-test assessed whether auditor competence, auditor experience, and audit fees collectively influence audit report quality. The test generated an F-statistic of 6.359 with a significance value of 0.001. The F-statistic of 6.359 exceeds the F-table value of 2.81. and the significance value of 0.001 is below 0.05.

Statistics	Value
F count	6.359
F table	2.81
Sig	0.001

These results demonstrate that auditor competence, auditor experience, and audit fees simultaneously affect audit report quality at public accounting firms in Surakarta City. The regression model is therefore appropriate for explaining the combined influence of the independent variables on the dependent variable.

### t-Test

Variable	t count	Sig	t table	Description
Auditor Competence (X1)	0.862	0.393	2.013	No effect
Auditor Experience (X2)	2.324	0.025	2.013	Effect
Fee Audit (X3)	0.203	0.84	2.013	No effect

The t-test evaluated the partial effect of each independent variable on audit report quality. Auditor competence produced a t-statistic of 0.862 and a significance value of 0.393. Because the t-statistic was lower than the t-table value of 2.013 and the significance value

was greater than 0.05, auditor competence did not have a significant partial effect on audit report quality. Accordingly, H1 was rejected.

Auditor experience produced a t-statistic of 2.324 and a significance value of 0.025. Because the t-statistic exceeded the t-table value of 2.013 and the significance value was below 0.05, auditor experience had a significant partial effect on audit report quality. Accordingly, H2 was accepted.

Audit fees produced a t-statistic of 0.203 and a significance value of 0.840. Because the t-statistic was lower than the t-table value of 2.013 and the significance value was greater than 0.05, audit fees did not have a significant partial effect on audit report quality. Accordingly, H3 was rejected.

### **Coefficient of Determination**

The coefficient of determination measured the ability of auditor competence, auditor experience, and audit fees to explain variation in audit report quality. The results produced an R value of 0.541, an R-square value of 0.293, and an adjusted R-square value of 0.247.

Model	R	R Square	Adjusted R Square
1	.541 <sup>a</sup>	.293	.247

The adjusted R-square value of 0.247, or 24.7%, means that auditor competence, auditor experience, and audit fees explain 24.7% of the variation in audit report quality. The remaining 75.3% is attributable to variables not included in the research model. The R value of 0.541 reflects a moderate relationship between the independent variables and audit report quality.

### **4.2. Discussion**

The results of this study indicate that auditor competence does not significantly affect audit report quality. This finding suggests that technical competence alone may not necessarily determine the quality of audit reports produced by auditors in Public Accounting Firms in Surakarta. Although auditors generally possess adequate professional knowledge and understanding of auditing standards, the implementation of standardized audit procedures and firm-level supervision may reduce the direct influence of individual competence on audit outcomes.

This finding is inconsistent with the study conducted by Sisna Armawan and Wiratmaja (2020), which found that auditor competence positively affects audit quality. Similarly, Fauziah and Yanthi (2021) argued that auditors with stronger technical capabilities tend to produce more reliable audit outcomes. However, the result of this study supports previous findings suggesting that competence does not always become a dominant determinant of audit quality in highly structured audit environments where audit procedures, review systems, and quality control mechanisms are already standardized.

The results also show that auditor experience has a significant positive effect on audit report quality. This finding indicates that auditors with greater practical experience are more capable of understanding audit risks, identifying irregularities, and making appropriate professional judgments during the audit process. Repeated involvement in audit engagements allows experienced auditors to develop stronger analytical skills and decision-making abilities, which ultimately improve audit report quality.

This result is consistent with the findings of Khulsum et al. (2025), who reported that auditor experience positively influences audit quality because experienced auditors tend to have better professional judgment and problem-solving capabilities. The findings also support experiential learning theory, which explains that professional competence develops not only through formal education but also through practical experience gained from repeated engagement activities. However, this finding differs from studies arguing that auditor experience does not significantly affect audit quality because audit implementation is already guided by professional auditing standards and standardized procedures.

Meanwhile, audit fees were found not to significantly affect audit report quality. This result suggests that the amount of audit compensation received by auditors does not necessarily determine the quality of audit reports produced. In practice, auditors are still required to maintain professional ethics, independence, and compliance with auditing standards regardless of the level of audit fees received from clients.

This finding differs from studies suggesting that higher audit fees improve audit quality because auditors may allocate more resources, time, and audit procedures to engagements with greater compensation. However, the result of this study supports research indicating that audit quality is more strongly influenced by professional responsibility and audit standards than by financial compensation alone. In the context of Public Accounting Firms in Surakarta, audit procedures and quality control systems may contribute more significantly to maintaining audit quality than variations in audit fees.

Simultaneously, auditor competence, auditor experience, and audit fees were found to significantly affect audit report quality. This finding indicates that audit report quality is influenced by multiple interrelated factors rather than by a single determinant. Although not all variables were significant individually, their combined contribution remains important in explaining audit quality within Public Accounting Firms.

In addition, the coefficient of determination indicates that the independent variables explain only part of the variation in audit report quality, suggesting that other factors outside this study may also influence audit outcomes. Variables such as auditor independence, time budget pressure, audit tenure, organizational culture, and professional ethics may provide additional explanations regarding audit report quality and should therefore be considered in future research.

## **5. Conclusion**

This study concludes that auditor experience significantly affects audit report quality, while auditor competence and audit fees do not have a significant partial effect. Simultaneously, auditor competence, auditor experience, and audit fees significantly influence audit report quality among Public Accounting Firms in Surakarta.

The findings imply that practical audit experience plays a more important role in improving audit report quality than technical competence or audit compensation alone. Auditors who are frequently involved in audit engagements tend to possess stronger professional judgment, better analytical capability, and greater ability to identify audit risks and irregularities during the audit process.

From a practical perspective, Public Accounting Firms should place greater emphasis on auditor experience development through continuous involvement in audit assignments, mentoring systems, and structured professional training programs. Senior auditors and firm management are encouraged to provide broader exposure to complex audit engagements in order to strengthen auditors' practical capabilities and professional judgment.

In addition, Public Accounting Firms should continue to maintain effective audit supervision and quality control systems to ensure that audit quality remains consistent regardless of differences in audit fees or individual auditor characteristics. Strong audit quality management systems are essential to maintaining public trust and professional credibility in audit services.

This study also suggests that future research should include additional variables related to audit quality, such as auditor independence, professional ethics, audit tenure, and time budget pressure, in order to provide a broader understanding of factors influencing audit report quality.

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