The Effect of Audit Fees and Audit Tenure to Audit Quality

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ABSTRACT

The purpose of this study is to examine the effect of audit fees and audit tenure on audit quality in manufacturing companies listed on the Indonesia Stock Exchange (BEI). The research method used is quantitative where the type of data used is secondary data which can be accessed through the Indonesia Stock Exchange website (www.idx.co.id) in the form of financial reports. The sampling technique used purposive sampling method, in order to obtain 11 sample companies for 3 years of observation. The data analysis technique is logistic regression analysis because the dependent variable uses dummy variables. Then the sample is tested using the SPSS program. The result show that audit fee has not affect to audit quality, but tenure audit affect to audit quality.

Keywords
Audit fees, audit tenure, audit quality

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Introduction

In 2019, there was an audit case involving KAP BDO Indonesia, Ministry of Finance described three negligence of the Public Accountant (AP) in auditing the 2018 financial statements of PT Garuda Indonesia (Persero) Tbk. This eventually led to sanctions from the Financial Professional Development Center (PPPK). Meanwhile, the financial statements were audited by PA Kasner Sirumapea from the Tanubrata Public Accounting Firm (KAP), Sutanto, Fahmi, Bambang, and Partners. Previously, the financial reports of Garuda Indonesia were polemic. This was triggered by the refusal of two Garuda Indonesia commissioners, Chairal Tanjung and Dony Oskaria to sign approval for the results of the 2018 financial statements. Both have differences of opinion regarding the recording of transactions with Mahata worth US $ 239.94 million in the income account. The reason is, there has been no incoming payment from Mahata until the end of 2018.

The Secretary General of the Ministry of Finance Hadiyanto detailed the three negligence that were made. First, the relevant AP has not properly assessed the substance of the transaction for the accounting treatment activities to recognize receivables and other income. This is because AP has recognized the receivable income even though the company has not received it nominally. Second, public accountants have not fully obtained sufficient audit evidence to assess the accounting treatment by the substance of the transaction agreement. This is called a violation of SA 500. Finally, AP also cannot consider facts after the date of the financial statements as the basis for accounting treatment, which violates SA 560. Not only that, the Public Accounting Firm (KAP) where Kasner is under was asked to control KAP quality control standards. Previously, the Ministry of Finance imposed two sanctions on Public Accountants (AP) Kasner Sirumapea and Public Accountants Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Partners related to the polemic of PT Garuda Indonesia (Persero) Tbk's financial statements for the 2018 financial year. , KAP that audits Garuda Indonesia's financial statements is also subject to a written warning along with the obligation to make improvements to the KAP Quality Control System and review by BDO International Limited to KAP Tanubrata, Sutanto, Fahmi, Bambang & Partners (https://www.cnnindonesia.com/).

In 2018, an accounting scandal involving KAP Satrio Bing, Eny (SBE), the Financial Services Authority (OJK) removed two Public Accountants (AP) and one Public Accounting Firm (KAP) which audited the financial statements of PT Sunprima Nusantara Pembuangan (SNP Finance) from the OJK auditors list. The two APs are AP Marlinna and AP Merliyana Syamsul who are members of KAP Satrio, Bing, Eny and Rekan

(Deloitte Indonesia). Deputy Commissioner for Strategic Management and Logistics Anto Prabowo explained, with the issuance of the two APs and KAPs, they could not audit financial reports in companies in the banking sector, capital market and the Non-Bank Financial Industry (IKNB). For information, AP and KAP that will audit financial services must be official auditors registered with the OJK. With the sanction of cancellation of registration, the said AP and KAP cannot automatically audit the financial services. However, they can still audit financial reports outside the financial services sector. The revocation of the license is under the authority of the Ministry of Finance. The removal of Deloitte Indonesia from the OJK auditors list became effective after they completed the 2018 Audit Annual Financial Report (LKTA) audit of clients who still had contracts. After completing the audit of LKTAs that still have contracts, Deloitte Indonesia is prohibited from adding new clients in the financial services sector (Saudi, 2018).

Meanwhile, the deletion of AP Marlinna and AP Merliyana Syamsul registrations has been effective since the OJK stipulated today. AP Marlinna is registered with OJK with registration number STTD.AP-59 / NB.122 / 2018, while AP Merliyana Syamsul is registered with the number STTD.AP-60 / NB.122 / 2018. Previously, AP Marlinna and AP Merliyana Syamsul, based at Deloitte Indonesia, conducted an audit of SNP Finance's annual financial statements and submitted an Unqualified Opinion (WTP). Furthermore, the results of the audit are used by the finance company to obtain credit from banks and issue Medium Term Notes (MTN). However, based on the results of OJK's examination, it was indicated that SNP Finance had presented financial reports that were not by the actual financial conditions of the company, causing losses to many parties. Thus, credit and MTN SNP Finance have the potential to experience default or become non-performing loans. In this regard, OJK has also coordinated with the Ministry of Finance's Financial Professional Development Center (PPPK) regarding the implementation of audits by KAP Satrio, Bing, Eny, and Partners at SNP Finance. OJK assessed that AP Marlinna and AP Merliyana Syamsul had violated POJK Number 13 / POJK.03 / 2017 concerning the Use of Public Accountant Services and Public Accounting Firms. Some of the violations committed were, among others, giving opinions that did not reflect the actual conditions of the company. As a result, the financial services industry and the public suffered huge losses on the opinions of the two APs on SNP Finance's financial statements. OJK is also worried that public confidence in the financial services sector will decline because of doubts about the quality of financial statement presentation by public accountants. An accounting scandal also happened back in 2017 involving a large company. The large company is British Telecom, where there are indications of accounting fraud in one of its business lines in Italy. This case also involved a world-renowned public accounting firm, namely Price Waterhouse Coopers (PWC). In fact, the whistleblower successfully detected fraud, which was followed by forensic accounting by KPMG. The mode of accounting fraud carried out by British Telecom in Italy is actually relatively simple and is widely discussed in the auditing lecture literature but many auditors fail to detect it, namely inflating (increasing) company profits for several years in an unnatural way through corrupt cooperation with corporate clients and financial services.

The mode is to increase the company's income through fake contract extensions and invoices and fake transactions with vendors. This fraudulent practice has occurred since 2013. The incentive to get a bonus (tantiem) is the stimulus for this accounting fraud. The impact of this profit-inflating accounting fraud caused British Telecom to lower GBP530 million and cut its cash flow projection for this year by GBP 500 million to pay hidden (unreported) debts. Of course, British Telecom pays the loss of income tax on profits that don't really exist.

This accounting fraud scandal, as usual, resulted in losses to shareholders and investors where British Telecom's share price fell by a fifth when British Telecom announced its earnings correction of GBP 530 million in January 2017. Luis Alvarez, British Telecom's executive in charge of British Telecom Italia also raised their feet. British Telecom Chief Executive Officer Gavin Patterson and Chief

Financial Officer Tony Chanmugam were forced to return their bonuses of GBP340,000 and GBP193,000, respectively. Several British Telecom shareholders immediately filed a class-action loss suit against the corporation because they were deemed to have tricked investors and did not immediately announce the financial fraud. Currently, for the accounting fraud, Italian law enforcement is in the process of investigating three former executives and two British Telecomm staff in Italy. The fraud allegation was addressed to Gianluca Cimini, former Chief Executive Officer of British Telecom in Italy, who was considered the most responsible for violating corporate governance related to games with vendors and their contracts as well as behavior that intimidates subordinates. Former Chief Operating Officer Stefania Truzzoli was accused of manipulating operational results which were used as the basis for giving bonuses and manipulating information on performance results to the parent corporation (British Telecomm Europe). Former Chief Financial Officer Luca Sebastiani also received accusations of not being able to report financial fraud and encouraging his employee Giacomo Ingannamorte to create fake invoices. Luca Torrigiani, a former staffer in charge of government clients and other large clients was accused of violating British Telecom rules by selecting vendors and receiving payments from British Telecom Italia agents. For PWC, this problem is the second time it has hit in two years after Tesco failed to disclose hundreds of millions of pounds in lost profits. Interestingly, in the UK there is an anti-fraud agency, namely the Serious Fraud Office (SFO), which enforces the law on fraud scandals including fraud by or in corporations (http://www.wartaekonomi.co.id).

This study aims to examine the effect of audit fees and audit tenure to audit quality.

Literature Review

Audit Quality

Audit quality is the ability of an auditor to find material misstatements and the willingness to disclose these errors, wherein carrying out their duties the auditor is guided by auditing standards and the relevant public accountant code of ethics (Novrilia et al., 2019). The Indonesian Institute of Certified Public Accountants (IAPI) issued the Draft Guidelines for Audit Quality Indicators at Public Accounting Firms on October 17, 2016. In this guide, audit quality indicators at the KAP level which include audit engagements on financial statements conducted by public accountants are as follows: Competence Auditor, Auditor Ethics and Independence, Use of Engagement Key Personnel Time, Quality Control, Results of External and Internal Inspection Quality Review, Engagement Control Range, Organization and Governance of KAP, Service Fee Policy. According to DeAngelo (1981) defines audit quality is the probability in which an auditor identifies and reports a material error and violation in the client's accounting system. According to Kurniasih and Rohman (2014), the purpose of audit quality is to improve the results of the client's financial reporting audit performance which can be used by users of audited financial statements with the auditor's independence attitude in carrying out their duties to examine material misstatements contained in financial statements and report transparently along with the evidence obtained. Quality is a component of professionalism that must be maintained by professional public accountants. Independent here means that public accountants prioritize public interests over management interests or the interests of the auditors themselves in making audited reports. Therefore, the auditor siding in this matter should prioritize the public interest (IAI, 2001).

According to Boynton (2003), audit quality is related to the auditor's assurance that the financial statements do not present material errors or contain fraud. So that in the process of having this guarantee, an auditor must truly make no mistakes in his auditing. *AAA Financial Accounting Standards Committee* (2000) stated that audit quality is determined by 2 things, namely competence (expertise) and independence, both of which have a direct effect on quality and potentially influence each other. Furthermore, the perceptions of users of financial reports on audit quality are a function of the perceptions of users of financial statements that audit quality is a function of their perceptions of the independence

and expertise of auditors. Arens et al. (2012) stated that for public accountants, the trust of clients and users of external financial reports on audit quality is very important. If the audit service user does not have confidence in the quality of the audit provided by a public accountant or KAP, then the auditor's ability to serve clients and society effectively will be lost. However, most audit service users do not have the competence to see audit quality, due to the complexity of the audit service. A quality audit is an audit that can be followed up by the auditee. This quality must be built from the beginning of the audit to reporting and providing recommendations. Audit quality is measured by two indicators, namely the suitability of the audit inspection and the quality of the audit report.

The following are indicators used to measure audit quality according to Ririn Choiriyah (2012):

1) Report all client errors

The auditor finds and reports if there are irregularities in the client's financial statements, without being affected by other things.

2) Understanding of the client's accounting information system

Auditors who have a good understanding of their client's accounting system will find it easier to carry out an audit because they already know the information that can make it easier for them to find misstatements in their clients' financial statements.

3) Strong commitment in completing audit quality.

An auditor must have a strong commitment to audit quality. The existence of continuing professional education as well as formal education that is required by IAI for its audiences, the goal is to ensure quality audit work.

4) Guided by the principles of auditing and accounting principles in doing field work

An auditor must be guided by auditing principles and accounting principles, follow audit procedures, be independent. Competent, has high ethics and adheres to the principles of auditors.

5) Do not simply believe the client's statement

The auditor should not simply believe the statements given by the client. The auditor must first conduct investigations related to the truth, and look for evidence that can support these statements.

6) Be careful in making decisions

The auditor should not simply believe the statements given by the client. The auditor must first conduct investigations related to the truth, and look for evidence that can support the statements before making a decision.

According to Abdul Halim (2003), factors that influence the audit quality is auditor's compliance with code of ethics that reflected in the attitude of independence, objectivity, integrity, and so on. It was also explained that in the Indonesian Accountants Code of Ethics there are eight ethical principles, namely: professional responsibility, public interest, integrity, objectivity, competence and professional prudence, confidentiality, professional behaviour and technical standards. The purpose of audit quality is to improve the results of the client's financial reporting audit performance that can be used by users of audited financial statements with the auditor's independence attitude in carrying out their duties to examine material misstatements contained in financial reports and report transparently along with the evidence obtained. Because on the one hand, company management wants high-quality audits so that investors have confidence in the reliability of accounting numbers in financial statements. So the quality of the audit is bad, so the earnings presented tend not to reflect the actual operating results and conditions of the company (Chen & Kilgore in Radich, 2009).

Audit Fee

According to Mulyadi (2009), audit fees are fees received by public accountants after carrying out audit services. The amount of the audit fee may vary depending on, among others: the risk of the assignment, the complexity of the services provided, the level of expertise required to perform these services, the cost structure of the KAP concerned and other professional considerations. Members of the public accounting firm are not allowed to get clients by offering fees that can damage the image of the profession and are not allowed to set contingent fees if the determination can reduce independence. Audit fees are fees received by public accountants after carrying out their audit services, the amount depends on the risk of the assignment, the complexity of the services provided, the level of expertise required to carry out these services, the

cost structure of the KAP concerned (Ninik & Nursiam, 2017). According to Gammal (2012), audit *fees* can be defined as the amount of fees (wages) charged by auditors for the audit process to the company *(auditee).* The determination of the audit *fee is* usually based on the contract between the auditor and the *auditee in* accordance with the time for the audit process, services, and the number of staff required for the audit process. *The* audit *fee is* usually determined before starting the audit process. Therefore, the determination of the audit *fee* needs to be agreed between the client and the auditor, so that there is no tariff war that can damage the credibility of public accountants. Based on the decree of the general chairman of the Indonesian Institute of Public Accountants No: kep.024 / IAPI / VII / 2008 that in determining audit fees, public accountants must consider the following matters: Client needs, duties and responsibilities according to law, independence, level of expertise attached to the work done, as well as the level of complexity of the work, the amount of time needed to be effectively used by the public accountant and his staff to complete the work, and the basis for determining the agreed fee. Halim (2015) (Lestari, 2017) said that audit fees are no less important in the acceptance of assignments. Auditors are certainly working to get no less important in the acceptance of the assignment. Auditors certainly work to earn adequate income.

The amount of *fees* can vary depending on the risk of the assignment, the complexity of the services provided, the level of expertise, the cost structure of the public accounting firm, and other professional considerations. This explains that the expertise of auditors is one of the factors that affect *fees*. Because the higher the *fee,* the higher the audit expertise in carrying out audit procedures. Members of the public accounting firm are not allowed to get clients by offering *fees* that can damage their professional image (Sukrisno Agoes, 2014). Komang Agus et al. (2016) state that a higher audit *fee* will plan an audit of higher quality than a smaller audit *fee*. There is an incentive for auditors to do whatever it takes to keep their clients from changing auditors because losing clients means losing audit *fees* in the future. Auditors can experience price pressure (*low-balling*) from clients which in turn can affect audit quality. According to Mathius Tandiontong (2015) that auditors seem to prefer to avoid high-risk clients. However, if they accept it then they will charge a higher *fee*. The increase in *fees* will be able to result in a better quality audit as well. Logically, higher *fees* are associated with greater effort by the auditor to find sufficient evidence before giving his opinion. However, if the client does have a high risk, an increase in audit *fees* will indeed result in higher quality audits as well. If audit quality is proxied by the true economic value of the client's business, for example, the auditor will still be able to provide an opinion that illustrates the economic value when the client has a high risk.

Tenure Audit

Johnson et al. (2002) define the number of consecutive audit tenure periods (audit tenure) is KAP measured by calculating the years in which the same KAP has engaged in an engagement with the auditee within regulatory limits determined by the government. According to Johnson et al. (2002), the audit engagement period is divided into three categories: The first category is short, namely two to three years, the second is medium or medium, the length of the engagement is four to eight years, the third category is long, which is more than eight years. In Indonesia, the work problem of auditors with clients has been regulated in Government Regulation (PP) No. 20/2015 Article 11. This regulation explains that there are no more restrictions for KAP. The restriction only applies to Public Accountants, namely for 5 consecutive financial years. The auditor may receive back the audit assignment for the client after 2 financial years do not provide general audit services on the entity's financial statements. This limitation is so that the distance between the auditor and the client is not too close so that it will not cause accounting scandals that will affect the attitude of independence. According to Sarwoko, it is stated that the Audit Tenure is the Engagement Period between the Public Accounting Firm (KAP) and the client regarding the agreed audit service or it can also be interpreted as the period of the relationship between the auditor and the client.

Tenure is the audit engagement period between KAP and the client regarding the audit service that has been agreed upon in advance. Tenure becomes a debate when the tenure audit period is carried out briefly and the tenure audit period is carried out for a long time (Ninik & Nursiam, 2017). Al-Thuneibat et al. (2011) in their research concluded that a long relationship between auditors and clients has the potential to create closeness between them, sufficient to hinder auditor independence and reduce audit quality. Carcello and Nagy (2004) conducted a study using fraudulent financial reports as a proxy for audit quality. They found fraudulent financial reporting was more likely to occur in the first three years of the audit engagement. When the tenure is longer, auditors will better understand the company, management fraud will decrease, and the quality of financial reports will be better.

Theoretical Framework and Hypothesis

The Effect of Audit Fee to Audit Quality

According to the research results of Zahra and Praptiningsih (2020), the higher the audit fee charged by client companies for audit services, the more quality the resulting audit will be. Based on these thoughts, the audit fee effect to audit quality. This is supported by research by Kurniasih and Rohman (2014), Ninik and Nursiam (2017), Yuniarti (2011), Giri (2010) in Fierdha et al. (2014) which states that audit fees effect to audit quality. From the explanation and research results, the first hypothesis that can be formulated is:

H_1: Audit fees effect to audit quality.

The Effect of Audit Tenure to Audit Quality

According to Kurniasih and Rohman (2014), the engagement period with a maximum value of 3 years has a tendency that arises is that the longer the engagement period, the less variations arise from the audit services performed, in other words the opinions given tend to be the same as year to year. So that, the audit engagement period has a low impact on the quality of the audit results from the independent auditors. Giri (2010) in Fierdha et al. (2014), it is stated that a long audit tenure will reduce the quality of the audit. These results can be used as a reference that to improve audit quality, the audit tenure must be shortened. Based on these thoughts, the audit fee effect to audit quality. This is supported by the research of Mgbame et al. (2012), Joseph V. Carcello and Albert L. Nagy (2004), Ninik and Nursiam (2017) who state that audit fees effect to audit quality. From the explanation and research results, the second hypothesis that can be formulated is:

H_2: Audit tenure effect to audit quality

Research Model

The independent variables in this study are audit fees (X_1) and audit tenure (X_2). While the dependent variable is audit quality (Y). Therefore, this research model can be described as below:

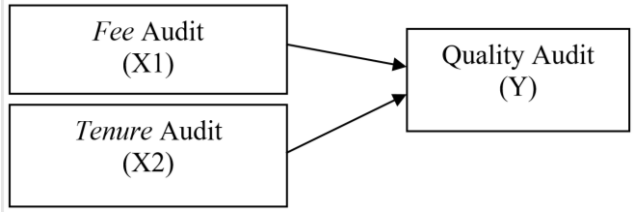

Figure 1. Research model

Methodology

This type of research is causal-comparative research. According to Suryabrata (2012), causal-comparative research is research to investigate possible causal relationships in a way based on observations of existing effects looking for factors that may be the cause through certain data. Comparative causal research is ex post facto, meaning that data is collected after all the events that have become problematic have taken place. The type of data used in this study is secondary data. Secondary data is data that has been collected and processed by other parties so that it no longer needs to be explored/searched for by the researcher concerned but only collects (Sinulingga, 2015). The data used in this research is the financial statements of manufacturers listed on the Indonesia Stock Exchange (IDX) for the period 2017-2020 and can be accessed from www.idx.co.id or from the official websites of each company. The population used in this study are manufacturing companies listed on the Indonesia Stock Exchange from 2017 to 2020. Sampling in this study used the purposive

sampling method. The sample is determined based on the suitability of certain characteristics and criteria. The sample criteria in this study are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019.
2. Manufacturing companies that have published Annual Reports and Financial Reports that have been audited by independent auditors during the research year but cannot be accessed through the IDX website (www.idx.co.id).
3. Companies include an account of professional fees in their annual financial reports.
4. The company presents information about the total assets in the audited financial statements.
5. During the research period, the company (auditee) did not experience delisting from the IDX.

There are several types of variables according to Indriantoro (2009), including:

1. Independent Variable (X) is a variable that explains or affects other variables. In this study the independent variables are Fee Audit (X1) and Audit Tenure (X2).
2. Dependent variable (Y) is a type of variable that is described or influenced by the independent variable. In this study the dependent variable is Audit Quality

For more complete discussion of variable operationalization, be pretend in Table 1.

Table 1. Operational variables

No.	Variable	Variable Type	Indicator	Scale
1	Fee Audit (X_1)	Independent	Natural logarithm of total audit fees Kurniasih and Rohman (2013)	Ratio
2	Audit Tenure (X_2)	Independent	The number of years of engagement between the sample companies and the auditor. Kurniasih and Rohman (2013)	Ordinal
3	Audit Quality (Y)	Dependent	The dummy variable where the sample will have a value of 1 if the manufacturing sector has an unqualified opinion, while the sample will have a value of 0 if the manufacturing sector has an audit opinion other than that. Shinta Permatasari et al. (2019)	Nominal

1) Descriptive Statistical Analysis

Descriptive statistics are used to describe and provide an overview of the frequency distribution of the variables in the study. The analytical tool used is the average, maximum, minimum, and standard deviation to describe the research variables.

2) Overall Model Fit

To assess the overall model (overall model fit) by using the Log Likelihood value, namely by comparing -2 Log Likelihood when the model only enters constants with the value -2 Log Likelihood (block number = 0) when the model enters the constant and independent variables block number = 1). If the value of -2 Log Likelihood (block number = 0)> the value -2 Log Likelihood (block number = 1), then the overall model shows a good regression model. The decrease in -2Log Likeness shows that the model is getting better (Ghozali, 2016).

3) Coefficient of Determination

The coefficient of determination (R2 test) is used for the percentage of the contribution of the influence of the independent variable simultaneously to the dependent variable (Ghozali, 2016). From here it will be known how much the dependent variable will be able to be explained by the independent variable, while the rest is explained by other causes outside the model.

4) Nagelkerke R Square

This is a test conducted to determine how much the independent variable able to explain and influence the dependent variable. Nagelkerke R Square is a modification of the Cox and Snell coefficients to ensure that the values vary from 0 (zero) to 1 (one). This is done by dividing the value of Cox and Snell's R2 by the maximum value then interpreting it like the R2 value in multiple regression (Ghozali, 2016).

5) Hosmer and Lemeshow Goodness of Fit test
Hosmer and Lemeshow's Goodness of Fit test tests the null hypothesis that the empirical data fits or fits the model (there is no difference between the model and the data so that the model can be declared fit). If the value of Hosmer and Lemeshow's Goodness of Fit statistical test is equal to or less than 0.05, then the null hypothesis is rejected, which means that there is a significant difference between the model and its observation value so that the model's Goodness Fit is not good because the model cannot predict the value of observation or it can be said that the model is acceptable. because it matches the observation data (Ghozali, 2016).

6) Logistic Regression Analysis
Logistic regression analysis is a special form of analysis in which the dependent variable categorical and the independent variable is categorical and continuous from both. Logistic regression analysis does not need to test the data normality assumption on the independent variable because the independent variable is a mixture of continuous and categorical variables (Ghozali, 2016). The moderating variable will later prove whether to strengthen or weaken the relationship between the independent and dependent variables. The method of testing the moderating variable in this study uses an interaction test or commonly known as Moderated Regression Analysis (MRA). The regression equation used in testing the hypothesis is as follows:

$$\text{Ln } P / 1 - p = \alpha + \beta 1\text{Tenure} + \beta 2\text{Lnfee} + \varepsilon$$

Description:
P (Audit Quality) = dummy variables for audit quality, the manufacturing sector having an unqualified opinion audit opinion which will be worth 1 with the manufacturing sector having an audit opinion other than 0.
α = constant
β = regression coefficient
LnFee = natural logarithm of audit fees
Tenure = calculate the number of years of the engagement between sample firms with auditors
e = Residual error

7) Simultaneous Test (Omnibus Test)
The Omnibus test is an analysis used to test simultaneously between the independent and dependent variables (Ghozali,2013). Hypothesis testing is done by comparing the calculated chi-square and chi-square tables or the probability value (sig) with a significant level (α). To determine acceptance or rejection based on the significance level (α) 5% with the following criteria:

a) will not be rejected if the chi-square statistic is calculated <chi-square table, or the probability value (sig)> significance level (α). This means (alternative hypothesis) is not accepted or the hypothesis which states that the independent variable affects the dependent variable is not accepted.
b) Rejected if the calculated chi-square statistic> chi-square table, or the probability value b (sig.) <significance level (α). This means that it is accepted or the hypothesis that includes the independent variable affects the dependent variable is accepted.

Results and Discussion

Descriptive Analysis

Table 2. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Quality	33	0	1	.64	.489
Audit Fee	33	18.97	23.32	21.6561	.93220
Audit Tenure	33	1	3	1.79	.820
Valid N (listwise)	33				

Source: Results of SPSS

Based on Table 2, the N value shows the amount of data used in the study namely 33 data which is the number of samples during the study period 2017 to 2020. The results of the analysis using descriptive statistics on the audit quality variable show that the average value is 0.64 with a standard deviation of 0.489. This average value means that the number of companies has

unqualified opinion is 64%. The standard deviation value means that the size level of the audit quality variable data distribution is 0.489. The minimum value of audit quality is 0, which means that the company has an audit opinion other than unqualified opinion, while the maximum value of audit quality is 1 which means the company has unqualified opinion. The results of the analysis using descriptive statistics on the variables tenure audit shows that the average value is 1.79 with a standard deviation of 0.82. Average value tenure audit amounting to 1.79 which means that the audit tenure of the sample companies is 1.79 years. The standard deviation value is smaller than the average value, it can be concluded that the variable data tenure audit homogeneous. The results of the analysis using descriptive statistics on the variables audit fee shows that the average value is 23.32 with a standard deviation of 0.93. Average value audit fee amounted to 23.32 which means that the amount of costs incurred for audit fee amounting to 23.32 billion rupiah. The standard deviation value of 0.93 is smaller than the average value, it can be concluded that the data is variable audit fee homogeneous.

Logistic Regression Analysis

1) Hosmer and Lemeshow Test

Table 3. Test results Hosmers and Lemeshow test

Step	Chi-square	df	Sig.
1	6.987	8	.538

Based on testing Hosmer and Lemeshow, the model presented in Table 3 Chi-Square amounted to 6.987 with a significance value 0.538 which is above 0.05, it can be concluded that the regression model is acceptable and feasible to use to continue testing in this study because it fits the observational data.

2) Overall Fit Model

Table 4. Value test results -2 Log Likelihood

-2 Log Likelihood	Score
Block Number: 0	43.262
Block Number: 1	39.044

Table 3 shows that the value - 2 Log Likelihood early on block 0 is equal to 43.262 and the value - 2 Log Likelihood end on block 1 is equal to 39.044, the value - 2 Log Likelihood end less than value - 2 Log Likelihood early with a decrease of 3,822 which indicates that the model is fit with the data or model is acceptable because it matches the observation data.

3) Determination Coefficient Test (Nagelkerke's R Square)

Table 5. Results of the determination coefficient test

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	30.553[a]	.238	.333

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

Table 5 shows the Nagelkerke R Square value of 0.333 This implies that the dependent variable, namely audit quality, is influenced by 66.7 % by the independent variables, namely audit tenure and audit fees, while the remaining 37.7% is explained by other variables not included in the study.

4) Omnibus Test of Model Coefficient

Table 6. Omnibus tests of model coefficients

		Chi-square	df	Sig.
Step 1	Step	8.433	2	.015
	Block	8.433	2	.015
	Model	8.433	2	.015

This test is conducted to test simultaneously whether the independent variable has an influence on the dependent variable. This test is carried out based on the significance value while the value Chi-square represents impairment - 2 Log Likelihood. If the significance value is smaller than the significance level of 5%, it can be concluded that the use of independent variables in the research model can simultaneously predict the dependent variable. Based on the results Omnibust Test of Model Coefficient which is presented in Table 6 obtained a significance value of 0.015, significance value of the results Omnibust Test of Model Coefficient smaller than 0.05, thus indicating that the data in this study are suitable for use and the use of independent variables in this research model can simultaneously predict the

dependent variable.

Logistic Regression Test Results

Table 7. Logistic regression test results

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B) Lower	Upper
Step 1[a]	Tenure	1.629	.829	3.859	1	.049	5.100	1.004	25.912
	Fee	.380	.481	.624	1	.430	1.462	.570	3.750
	Constant	-9.911	10.126	.958	1	.328	.000		

a. Variable(s) entered on step 1: Tenure, Fee.

Based on Table 7, the results obtained from the calculation of logistic regression that have been carried out produce the following logistic regression equation:

$$\text{Audit\_Quality logit} = -9.911 + 0.380\ \text{LnFee} + 1.629\ \text{Tenure} + e$$

The logistic regression coefficient test results in Table 7 show that the variable tenure audit obtained a significance level of 0.049 <0.05. This indicates that tenure audit has a positive effect on audit quality, which means that the long tenure of KAP can increase the ability of auditors to prevent and indicate material misstatement.

The logistic regression coefficient test results in Table 7 show that there is no effect of audit fees on audit quality with a significance value of 0.430 > 0.05 (significance level). This indicates that audit fee has no effect on audit quality which means that audit fee cannot be a measure of audit quality.

Conclusion

This paper intended to assess effect of fee audit and tenure audit to audit quality, based on the data collected and the results of tests that have been carried out using the logistic regression test and the discussion in the previous section, the researcher draws the following conclusions:

1) Audit fee has no effect on audit quality. The greater audit fee has no effect on audit quality, because the audit fee cannot predict whether the audit quality is good or bad. Audit quality can be seen from the independent attitude of auditors, not by size audit fee given by the company.
2) Tenure audit has a positive effect on audit quality. This mean that getting longer tenure audit, the better the quality of the company's audit. A longer engagement period can increase the auditor's ability to prevent and indicate material misstatement.

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