***ABSTRACT***

Reni Karsina / 37179062 / Effect of Auditor Independence, Professionalism, and Professional Ethics on Audit Quality at the Public Accounting Firms (KAP) in North Jakarta and East Jakarta / Advisor: Rizka Indri Arfianti, S.E., Ak., M.M., M, Ak

Audit quality is the probability of the market value that the financial statements contain material errors and the auditor will find and report these errors. Good audit quality has an important role in this profession that the auditor must have in auditing a company, to produce quality financial reports must have an independent, professional and ethical attitude and the auditor is required to provide a free and impartial assessment of the information presented by management company in financial statements. The purpose of this study was to determine the effect of auditor independence, professionalism, and professional ethics on audit quality.

This research is based on agency theory. Agency theory is the basis of the theory underlying the business practices used so far. Agency relationships exist when one party (principle) hires another party (agent) to carry out a service and in doing so. Agency theory can be used to help auditors are required to be independent, professional, and appropriate to professional ethics, so that quality financial statements can solve problems carried out by the company.

The method used in this study is quantitative and in the form of a questionnaire filled by 70 auditors who work in the North Jakarta and East Jakarta Public Accounting Firm. The hypothesis in this study was tested by descriptive statistical tests, classical assumptions, multiple regression tests, significant simultan test (F) and partial regression coefficient test (t test).

The results of this study indicate that hypothesis testing (t test) on auditor independence and professionalism does not affect audit quality because the rest results do not meet the specified criteria. While the hypothesis of ethics is accepted because 0.001 < 0.05.

The Conclusions from the results of the study shows that the independence and professionalism variables are not proven to have a positive effect on audit quality. While Professional Ethics proved to have a positive and significant on audit quality.

Keywords: Independence of Auditors, Professionalism, Professional Ethics and Audit Quality.