

Conference Paper

Dysfunctional Audit Behavior in Inspectorate Garut

Muslim Al Kautsar, Tinneke Hermina, and Acep Abdul Basit

Universitas Garut, Jawa Barat 44151, Indonesia

Abstract

This study contributes to find the influence of turnover intention and locus of control on dysfunctional audit behavior in Inspektorat Daerah Kabupaten Garut. In this study, the population used as sample was 55 respondents. The methodology of research is quantitative methods and the data were collected through literature review, questionnaires, and interview. Meanwhile the process data were conducted through SPSS Version 20.0 and the analysis method used was Regression Multiplier. The results indicate that turnover intention has no influence on dysfunctional audit behavior, while locus of control is influenced on dysfunctional audit behavior partially. In addition, the turnover intention and locus of control is influenced on dysfunctional audit behaviors simultaneously.

Keywords: turnover intention, locus of control, dysfunctional audit behavior

Corresponding Author:

Acep Abdul Basit

acep.basit@uniga.ac.id

Received: 29 August 2018

Accepted: 18 September 2018

Published: 11 November 2018

Publishing services provided by
 Knowledge E

© Muslim Al Kautsar et al. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICOI-2018 Conference Committee.

1. Introduction

Massive development of science and technology create critic society in Indonesia. This case strive for government to apply money follow program principle to manage the government program effectively, efficiently, and economically. The government require internal controller in implementing of good government management to create good governance and clean government. The internal controlling of government provide in Peraturan Pemerintah No.60 tahun 2008 tentang Sistem Pengendalian Intern Pemerintah, based on the regulation of institution that involved as internal controller is Inspektorat Daerah Kabupaten/ Kota [1].

The assignment and authority of Inspektorat Daerah Kabupaten/Kota regulated in each region regulation. Similarly, The Inspektorat Daerah Kabupaten Garut have internal controller regulation that assert about assignments, ethics, and authorities in Peraturan Daerah Kabupaten Garut No. 9 Tahun 2016 tentang Pembentukan dan Susunan Perangkat Daerah Kabupaten Garut dan Peraturan Inspektur Kabupaten Garut No. 1664 tahun 2016 tentang Pedoman Operasional Pengawasan (POP) Aparatur

OPEN ACCESS

Inspektorat Daerah Kabupaten Garut [2]. The regulation reveal that Inspektorat Daerah Kabupaten Garut conduct regular audit on financial statement, performance audit, investigative audit and another role as controller then should conduct consulting as well. Thus, internal auditor of government should possess an independency and professionalism to create audit quality.

In case The Aparatur Pengawas (auditors) possess lack independency and professionalism will decrease public trust and auditor reputation as well. This case is taking place in Indonesia with the statement from Badan Pengawas Keuangan (BPK), Komisi Pemberantasan Korupsi (KPK), even The President have a doubt feeling on independency of Inspektorat Daerah since indicated data Corruption Perception Index in 2016 that Indonesia there in 90th place then obtain 37 point [3]. The data reflect that endemic corruption is exist in public sector. In addition, many cases about bribery case, money laundering, misappropriation of fund, or another crime which involve the internal auditor of government and even the local official such as mayor that inflict loss of state amount 1,83 trillion dan 118, 1 billion the value of bribe during 6 month (Jan-June) in 2017 [4].

Therefore, The Vice Chairman of Badan Pemeriksa Keuangan (BPK) Bahrullah in October 2017 propose to restructuration in General Inpektorat, Province and region as well to responsible directly to President. This suggestion to avoid ineffective and inefficient auditing then avoid from local official (mayor) intervention that occur many infraction cases which destroy auditor independency [5]. Beside restructuration, the auditors should own good attitude base on the professional ethics standard of Aparatur Internal pemerintah, because the main factor dysfunctional audit behavior is auditor's personality [6]. Personality of auditor affect such as turnover intention and locus of control [7]. The great turnover intention stimulate acceptance of dysfunctional audit [7]. Then, external locus of control influence on dysfunctional audit positively [7]. Meanwhile internal locus of control influence dysfunctional audit behavior negatively. Based on the description in advance occur identification problem that the role of auditors not yet optimal which potentially create infraction on audit standard. Therefore, this study aims to find the influence of turnover intention and locus of control on dysfunctional audit behavior partially and simultaneously.

2. Literature Review

2.1. Dysfunctional audit behavior

Dysfunctional audit behavior is diverge behavior on audit standard until able to reduce audit quality even emerge failure on audit directly and indirectly [8]. Dysfunctional audit behavior that reduce audit quality directly such as premature signing-off and altering or replacing audit procedures. Meanwhile dysfunctional audit behavior that affect indirectly audit quality is underreporting of time [8].

2.2. Turnover intention

Turnover intention is individual desire that occur from their selves consciously to resign from the organization or profession [9]. Turnover intention able to happen because the competency of auditor is lack or their chairman regard poor performance on the auditor. Another reason the individual have desire to resign from their organization or profession is uncomfortable work environment and lack of welfare.

2.3. Locus of control

According to Rotter (1966) reveal that generalized belief that a person can or cannot control his own destiny [10]. The statement explain about point of view from individual on ability to self-control or locus of control. The people who possess self-confidence (locus of control) able to affect their success or failure that will emerge because their attitude. In other hand, Donnelly (2003) define *locus of control* as point of view about the successes in certain situation depend on their attitude or external controlled [6]. Therefore Donnelly (2003) reveal that there is internal and external locus of control, internal locus of control is self confidence that emerge because the individual believe that their success is by themselves or nothing intervention from another sides while, external locus of control is reliance on environment as indicators of their successes [6]. The individual that have internal locus of control almost active in strategy arrangement as problem solving. However, external locus of control personality almost emotional and use their relation as problem solving.

2.4. The influence of turnover intention on dysfunctional audit behavior

Turnover intention is desire to resign from the organization or profession by their determining [9]. Based on the result that conduct by Fitriyani (2016) turnover intention able to happen because auditor own low satisfaction on their competency then the chairman regard the auditor have poor performers [7]. However, auditor who has good achievement even though the satisfaction of themselves is lack, the auditor will not resign because own strong motivation from the chairman. This case prove that turnover intention effect on dysfunctional audit behavior positively [11]. Therefore, the authors propose hypothesis as below

H₁: Turnover intention effect on dysfunctional audit behavior.

2.5. The influence of locus of control on dysfunctional audit behavior

Locus of Control is personal point of view on ability self-control [10]. Similarly with Donelly (2003) define locus of control as individual point of view the successes in certain situation depend on personal attitude (internal) or external controlled [6]. Therefore, the conclusion that in case someone in the similar situation process different point of view and different action based on their *locus of control*.

The individual who own external locus of control perceive in the threat of the situation and almost reactive on problem solving [6]. This case happen because external locus of control personality hold on their expectation to the environment or another sides. Therefore, when nothing supporting to survive on themselves, they will conduct the strategy to manipulate and able to stand [6]. Based on the research conducted Cahyadi (2017) indicate that external locus of control effect on dysfunctional audit behavior [7]. Then, the author propose hypothesis as below:

H₂: External locus of control effect on dysfunctional audit behavior

3. Research Methods

This study using quantitative method through survey approach to obtain the data that already to happen and recently about characteristic or personality of auditors in Inspektorat Daerah Kabupaten Garut. This study using census sample amount of 55 respondent as auditor in Inspektorat Kabupaten Garut. This study obtain the data by

literature review, questionnaires, and interview. Meanwhile the process data examined by SPSS Version 20.0 and the analysis method use Regression Multiplier.

3.1. Operationalization variable

3.1.1. Turnover intention

The desire to resign in a while as Aparatur Pengawas Intern Pemerintah (APIP) or internal audit [9]. This variable measure with 9 question that reflect the credit score of auditors by 3 indicators there are training participation, controlling participation, and development career through research. Score 1 indicate low turnover intention and 5 indicate high turnover intention.

3.1.2. Locus of control

Self-confidence or their environment affect auditor to conduct assignment [10]. The measurement this variable using 12 questions that indicated competency, knowledge, and motivation which possessed an auditor. Score 1 reflect low external locus of and 5 reflect high locus of control.

3.2. Dysfunctional audit behavior

Divergence standard is the behavior that on affect audit quality directly or indirectly [8]. This variable measured with 9 items question that indicate premature signing-off and altering or replacing audit procedures which able to reduce audit quality directly. Besides that, dysfunctional audit such as underreporting of time effects on audit quality indirectly.

4. Result and Discussion

4.1. Respondents characteristic

In this research to obtain the data about dysfunctional audit behavior in Inspektorat Daerah Kabupaten Garut then to find out the influence of turnover intention and locus of control on dysfunctional audit behavior conducted by questionnaire spreading at 7th March- 2nd April 2018 and the data as below:

TABLE 1: Questionnaire Spreading.

	Frequency	Percentage (%)
Spreaded Questionnaire	55	100
Received Questionnaire	31	56,36
Failure Questionnaire	24	43,64

In other hand to collect the data demography of respondents are below:

TABLE 2: Demography of Respondents.

	Gender		Education				Tenure			
	Female	Male	D3	S1	S2	S3	1-2	3-5	6-8	>8
Total	18	13	0	11	20	0	2	11	10	8
%	58,1	41,9	0	35,5	64,5	0	6,5	25,5	32,2	25,8

4.2. Descriptive analysis

This study use Likert scale with the highest score is 5 then the lowest score is 1 to indicate the level each indicators, and the highest total score is 155 while the lowest score is 31. Each variable have actual score and ideal score.

4.2.1. Turnover intention variable

TABLE 3: Turnover Intention Response.

Statements	Response Score					Actual Score	Ideal Score	% Actual
	5	4	3	2	1			
1	6	11	11	3	0	113	155	72,90
2	5	6	15	5	0	104	155	67,10
3	3	2	6	14	6	75	155	48,39
4	4	2	6	13	6	78	155	50,32
5	20	4	6	1	0	136	155	87,74
6	12	4	8	6	1	113	155	72,90
7	0	1	0	7	23	41	155	26,45
8	0	1	0	7	23	41	155	26,45
9	0	0	3	5	23	42	155	27,10
Sub Total	50	31	55	61	82	743	1395	53,26
Total	250	124	165	122	82			
%	33,65	16,69	22,21	16,42	11,04			

Based on the recapitulation in above indicate that turnover intention not occur in Inspektorat Daerah Kabupaten Garut, the reason of auditors in Inspektorat rarely participate in training because the inspector’s policy which is border the amount of auditor who participate with the training program or the inspector select some auditors as delegation to participate on the training. The main reason of inspector conduct it relate with budget that is not relevant with the amount of auditors. Nevertheless, the inspector have another program to solve this problem is all the auditor after training in outside they should train another auditor who have not opportunity being a participants. In addition, the weakness of auditors in Inspektorat Daerah Kabupaten Garut is lack of research but in the regulation of government written that to develop auditors profession they should research about auditing or controlling.

4.3. Locus of control variables

TABLE 4: Locus of Control Response.

Statements	Response Score					Actual Score	Ideal Score	% Actual
	5	4	3	2	1			
10	6	4	14	7	0	102	155	65,81
11	4	4	15	8	0	97	155	62,58
12	4	5	14	7	1	97	155	62,58
13	5	6	13	6	1	101	155	65,16
14	3	12	12	4	0	107	155	69,03
15	3	12	12	4	0	107	155	69,03
16	1	7	16	6	1	94	155	60,65
17	5	10	12	4	0	109	155	70,32
18	2	8	15	6	0	99	155	63,87
19	2	4	8	16	1	94	155	60,65
20	2	8	12	9	0	83	155	53,55
21	4	14	10	3	0	112	155	72,26
Sub Total	41	94	153	80	4	1202	1860	64,62
Total	205	376	459	160	4			
%	17,05	31,28	38,19	13,31	0,33			

Table 4 indicate the existence of locus of control internal and external in auditor of Inspektorat Daerah Kabupaten Garut. The internal locus of control appear from the competency as internal auditor but their confidence or their locus of control should be bordered because they have to obey the regulation as well as civil servants such as the auditor wants to incriminate specialist to investigate some case but the budget

is not provide because to hire the specialist out of budget regulation. Therefore, the initiative of auditor to create audit quality is fail because the regulation. Besides that, external locus of control seems from response about the objectivity in position, the auditors assume that to obtain position in Inspektorat Daerah Kabupaten Garut is a luck, therefore many strategy to obtain the positions in Inspektorat Kabupaten Garut.

4.4. Dysfunctional audit behavior

TABLE 5: Dysfunctional Audit Behavior Response.

Statements	Response Score					Actual Score	Ideal Score	% Actual
	5	4	3	2	1			
22	0	7	17	5	2	91	155	58,71
23	0	4	19	4	4	85	155	54,84
24	5	17	8	1	0	119	155	76,77
25	4	21	3	3	0	119	155	76,77
26	0	6	14	8	3	85	155	54,84
27	0	9	11	7	4	87	155	56,13
28	0	1	11	12	7	68	155	43,87
29	0	4	18	7	2	86	155	55,48
30	0	3	21	5	2	87	155	56,13
Jumlah	9	72	122	52	24	827	1395	59,28
Total	45	288	366	104	24			
%	5,44	34,82	44,26	12,58	2,90			

The table 5 reflect the existence of dysfunctional audit behavior in Inspektorat Daerah Kabupaten Garut, according Outley dan Pierce (1995) dysfunctional audit behavior is the attitude of auditors that unsuitable with the audit standards [8]. This case emerge from the auditor in Inspektorat Daerah Kabupaten Garut trust on data which is provided by clients without confirmation. In other hand, auditor use prior investigating as basis to investigating or auditing the clients because the amount of audit object with the time budget is not relevant

4.5. The results of data quality test

4.5.1. Validity test

Pengujian validitas yang dihitung melalui SPSS Versi 20.0 terhadap variabel *turnover intention* (X_1), *locus of control* (X_2), dan disfungsi audit (Y) berdasarkan kaidah

keputusan, suatu data dikatakan valid jika r hitung pada kolom *Corrected Item-Total Correlation* $>$ r tabel (α $n-2$) yaitu (0,05; 29) sebesar 0,3009 maka seluruh data pada variabel *turnover intention*, *locus of control* dan disfungsi audit dinyatakan valid.

4.5.2. Reliability test

Pengujian reliabilitas yang dihitung melalui SPSS Versi 20.0 terhadap variabel *turnover intention* (X_1), *locus of control* (X_2), dan disfungsi audit (Y) berdasarkan kaidah keputusan, suatu data dikatakan reliabel jika *Cronbach's Alpha* $>$ r tabel (α $n-2$) yaitu (0,05; 29) sebesar 0,3009 maka seluruh data pada variabel *turnover intention*, *locus of control* dan disfungsi audit dinyatakan reliabel.

4.6. Discussions

4.6.1. The influence of turnover intention on dysfunctional audit behavior

Based on the partial test obtain the result *Sig.* 0,345 $>$ 0.05, Therefore the conclusion is *turnover intention* have not influence on dysfunctional audit behavior because *Sig.* more than 0,05. This results similar with the research of Hartanto (2013) with the object in Accounting Firm in Surabaya.

According to Tett and Mayer (1993) turnover intention is desire of someone to break for a while from the profession [9]. Based on the response, turnover intention in Inspektorat Daerah Kabupaten Garut take place because the bordering inspector regulation about the participation of training and the lack development profession such as research ability. Meanwhile, in controlling and consulting activity the auditor have participate thoroughly. The alternative ways for the auditor in add professional score or (Angka Kredit) the conduct Performance Report each days.

4.6.2. The influence of locus of control on dysfunctional audit behavior

Based on the partial (t-test) on locus of control obtained *Sig.* 0,038 $<$ 0.05. Therefore turnover intention have influence on dysfunctional audit behavior partially because the *Sig.* more than 0.05 and the regression of coefficient of locus of control have negative score is -,591 the meaning is in case locus of control decrease, the dysfunctional audit behavior will increase.

According to Rotter (1966) locus of control is the confidence of auditor to conduct their assignment that have influence on themselves or work environment [10]. In case internal locus of control is high the dysfunctional audit behavior is decrease because the indicators of internal locus of control are competency and knowledge. Meanwhile, external locus of control which is high the dysfunctional audit is high because many ways even the manipulation conduct to obtain the auditor desire.

4.6.3. The influence of turnover intention and locus of control on dysfunctional audit behavior

Based on the F test (simultaneously) obtain *Sig.* 0,048 and $F_{critical}$ amount 3,401. In this study use degree of freedom 5% therefore obtain F_{table} amount 3,340. Thus, $3,401 > 3,340$ with the significant value is $0,048 < 0,05$. The conclusion is refuse H_0 and receive H_a with the meaning Turnover Intention and Locus of Control have an influence of Dysfunctional Audit Behavior simultaneously. Then, *Adjusted R Square* amount 0,138 or 13,8% this case indicate that the dependent variable have affect amount 13,8% on dysfunctional audit while another factor is the rest. Based on Tabel 4.5 score total of dysfunctional audit behavior indicate the characteristic of difunctional audit behavior such as many auditors trust to their clients' data and use prior investigating report as the basis to create audit report as the evaluation performance in public sector.

Turn over intention have an impact on dysfunctional audit behavior to conduct some divergence of audit standard. Besides that, locus of control have an impact as well on dysfunctional audit behavior. Then, both of them have an opportunity to create the failure of audit directly or indirectly. This result similarly with Subekti (2017) which is turnover intention and locus of control have an influence on dysfunctional audit behavior.

5. Conclusion and Recommendation

5.1. Conclusion

1. Turn over Intention is not exist in Inspektorat Daerah Kabupaten Garut while locus of control is exist.
2. Turnover intention variable have *Sig.* $0,345 > 0,05$. Therefore receive H_0 and refuse H_1 this meaning is turnover intention have not influence on dysfunctional audit behavior in Inspektorat Daerah Kabupaten Garut.

3. Locus of control variable obtain *Sig.* $0,038 < 0,05$. Therefore this case indicate that refuse H_0 and receive H_2 the meaning is locus of control have an influence on dysfunctional audit behavior partially.
4. Turnover intention and locus of control variables have an influence on dysfunctional audit behavior simultaneously in Inspektorat Daerah Kabupaten Garut.

5.2. Recommendation

Based on the phenomenon and the result of this study, the authors propose operational recommendation as solving problem or to minimize the existence of dysfunctional audit behavior, as below:

1. The auditors review prior auditing as basic and conduct confirmation of the audit evidence to improve audit quality
2. Improve understanding based on the problem and remedy the documentation process to minimize failure documentation to provide audit evidence as the basic to decision the audit opinion.
3. Improving training program continuously as competency development in order to obtain the information about quality audit development.
4. Controlling and supervision optimally to minimize underreporting of time

References

- [1] Badan Pengawasan dan Pembangunan, Peraturan Pemerintah No. 60 tahun 2008 tentang Sistem Pengendalian Intern Pemerintah, Jakarta: Badan Pengawas Keuangan dan Pembangunan, 2008. W442W9747
- [2] Kabupaten Garut, Peraturan Daerah Kabupaten Garut No. 9 tahun 2016 tentang Pembentukan dan Susunan Perangkat Daerah Kabupaten Garut, Garut: Pemerintah Daerah Kabupaten Garut, 2016. W442W9747
- [3] T. Economics, "Indonesia Corruption Index," Trading Economics Cyber Media, 9 September 2017. W442W9747
- [4] I. Hariyanto, "ICW dalam 6 bulan 226 Kasus Korupsi rugikan Negara Rp 183T," Detik Cyber Media, 2017. W442W9747
- [5] I. D. Mahendra, "KPK: Pola Pengawasan Inspektorat Tidak Efektif," Media Indonesia Cyber Media, 2017. W442W9747

- [6] D. P. Donnelly, J. J. Quirin and D. O'Bryan, "Auditor Acceptance of Dysfunctional Audit Behavior: An Explanatory Model Using Auditors Personal Characteristics," *Behavioral Research In Accounting*, vol. 15, no. 1, pp. 87-110, 2003. W442W9747
- [7] P. E. Cahyadi, "Pengaruh Karakteristik Personal Auditor terhadap Perilaku Menyimpang dalam Audit," *Jurnal Ilmu dan Riset Akuntansi*, vol. 8, no. 7, pp. 1-17, 2017. W442W9747
- [8] D. Outley and P. B, "The Control Problem in Public Accounting Firms: An EMpirical Study of The Impact of LEadership Style," *Accounting Organizations, and Society*, vol. 20, pp. 405-420, 1995. W442W9747
- [9] R. P. Tett and J. P. Meyer, "Job Satisfaction, Organizational Commitment, Turnover Analysis Based on Meta Analytic Finding, *Personal Psychology*," vol. 46, pp. 259-293, 1993. W442W9747
- [10] J. B. Rotter, "Generalize Expectancies for Internal Versus External Control of Reinforcement," *Psychological Monographs*, vol. 20, pp. 405-420, 1966. W442W9747
- [11] D. O'Bryan, J. J. Quirin and P. D. Donnelly, "Locus of Control and Dysfunctional Audit Behavior," *Journal of Business & Ecinomic Research*, vol. 3, no. 10, pp. 9-14, 2005. W442W9747