

# The Role of the Audit Committee as a Mediating Variable on Audit Quality

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## ABSTRACT

This study intends to examine the aspects that can affect audit quality by applying the Structural Equation Model (SEM) approach through WarpPLS 7.0. The variables considered include audit tenure, audit fee, audit delay, audit rotation and audit committee. The audit committee here also acts as a mediating variable. The research sample consists of 74 observations collected from 16 business entities listed on the Indonesia Stock Exchange from 2016 to 2022 through purposive sampling technique. The results of the direct effect analysis show that audit tenure, audit fees, audit delay and audit rotation do not show a significant correlation with audit quality. However, the audit committee shows a significant correlation with audit quality. And the results of the indirect effect analysis mediated by the audit committee show that audit tenure and audit rotation also do not show a significant correlation. While audit fees and audit delay show a significant correlation.

Keywords: Audit Quality; Audit Tenure; Audit Fee; Audit Delay; Audit Rotatin

## *Peran Komite Audit Sebagai Variabel Mediasi Terhadap Kualitas Audit*

### ABSTRAK

Penelitian ini bermaksud untuk menelaah aspek-aspek yang dapat mempengaruhi kualitas audit dengan menerapkan pendekatan Structural Equation Model (SEM) melalui WarpPLS 7.0. Variabel yang dipertimbangkan meliputi audit tenure, audit fee, audit delay, rotasi audit dan komite audit. Komite audit disini juga berperan sebagai variabel mediasi. Sampel penelitian terdiri dari 74 observasi yang dikumpulkan dari 16 entitas bisnis yang tercatat di Bursa Efek Indonesia tahun 2016 hingga 2022 melalui teknik purposive sampling. Hasil analisis efek langsung menunjukkan audit tenure, audit fee, audit delay dan rotasi audit tidak menunjukkan korelasi yang signifikan dengan kualitas audit. Namun, komite audit menunjukkan korelasi yang signifikan dengan kualitas audit. Dan hasil analisis efek tidak langsung yang dimediasi oleh komite audit menunjukkan bahwa audit tenure dan rotasi audit juga tidak menunjukkan korelasi yang signifikan. Sementara audit fee dan audit delay menunjukkan korelasi yang signifikan.

Kata Kunci: Kualitas audit; Audit Tenure; Audit Fee; Audit Delay; Rotasi Audit

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## INTRODUCTION

A very popular description of auditing comes from ASOBAC (A Statement Of Basic Auditing Concepts) which describes auditing as a structured procedure for collecting and assessing information objectively about assertions of various economic activities and issues to determine the level of consistency of assertions with specified qualifications and delivery of results to stakeholders. Meanwhile, according to Sukrisno (2004), auditing is a careful and critically planned examination of financial statements along with supporting records and information with the intention of being able to convey his views regarding the fairness of the financial statements. The audit aims to confirm that the financial statements are prepared comprehensively, accurately, and meet the requirements relating to the existence, valuation, classification, disclosure, and separation of transactions.

Quality is especially crucial in the context of auditing and accounting. Given the competition in a competitive and profit-oriented world, everyone will look at quality. Audit quality is the auditor's likelihood of identifying and reporting inaccuracies in financial statements (Buchori & Budiantoro, 2019). If it can provide assurance and accountability for accounting information to interested parties, it can be said that the audit is of quality (Kuntari et al., 2017). According to the SPAP statement, audit quality can be said to be good if it meets the requirements or auditing standards. These audit standards include quality professionals, independent auditors, and reviews used.

Decisions made by stakeholders depend on the information provided in the financial statements. The information in the financial statements is useful for both internal and external parties. Internal parties such as directors and commissioners use these reports to understand the financial situation, corporate governance and decision making for future management. On the other hand, external parties such as creditors, debtors, investors and others also utilize these financial statements for their respective interests. Thus, decision making must be based on reliable and relevant financial reports through the examination stage (Fauziyyah & Praptiningsih, 2020). Financial reports that have gone through the audit stage can support stakeholders in making decisions (Oktarinaldi & Robin, 2022).

Audit quality is one of the underlying beliefs of stakeholders. High audit quality will create more comprehensive financial and explanatory information, which allows stakeholders to better consider value in the decision-making process. The audit process carried out must also be in line with applicable regulations because audit quality depends on the consistency and integrity of the auditors (Fadila et al., 2023). Audit quality includes the competence of auditors in detecting material irregularities and notifying these findings to clients (Tandiontong, 2015). According to Dinarjito & Febriansyah (2020), in order to make audit reports free from material errors caused by human error, auditors must adhere to professional rules that can realize the creation of audit quality. Thus, audit quality will become a serious problem that allows errors in decision making if the audited report has not met the standards.

The fact is that stakeholders' trust in audit quality is declining. This is due to frequent violations, such as the Enron case which was involved in falsifying and

manipulating financial statements with the help of KAP Anderson. In addition, in 2018 there was a Deloitte partner between Public Accountant Marlinna, KAP Merliyana Samsul, and Public Accountant Satrio, Bing, Eny & Partners. In this case, the financial statements of Sunprima Nusantara Finance (SNP) experienced differences in the results of the examination with the OJK, Satrio Public Accountant said that it was unqualified while the OJK stated that there was a default on interest payments on medium-term debt securities that were not included in the audit report. From some of the examples above, it can be assumed that many auditors do not produce good audit quality. According to statement Prada (2007) stakeholder trust will decrease if the auditor fails to provide a quality audit because they tend to rely on financial reports in making decisions. This view will lead to gaps in audit expectations, where many stakeholders have different expectations of the audit results. Thus, what aspects can affect audit quality.

Various aspects that can affect audit quality include audit tenure, audit fees, audit delay, audit rotation and audit committee. Audit tenure is the duration of the auditors' work with clients which can form a positive correlation so that the auditors have a lot of insight into the company's operations. That way, it can be concluded that the duration of audit work has a significant impact on audit quality (Sari et al., 2019). However, the long duration of work between the auditor and the client tends to reduce audit quality because this closeness can reduce the level of auditor independence. Many previous researchers have shown that the length of the audit tenure has no significant impact on audit quality (Mayangsari & Sazangka, 2023).

Audit fees are compensation to auditors for services provided. If the audit fee increases, the audit quality will also increase. Reliable auditors will offer fees that are appropriate for the risk, so it can be said that audit fees have a significant impact on audit quality (Yulianto & Sulistyowati, 2021). However, some researchers reveal that audit fees do not have a significant impact on audit quality (Hidayah & Subadriyah, 2022).

Audit delay is the time span used by auditors in examining and preparing audit reports measured from the end of the year until the audit report is issued. Timeliness in conveying information will be affected by audit delay (Suyanto et al., 2018). The longer the audit delay period, the longer it takes stakeholders to get information about financial statements that can affect decision making. That way, it can be said that audit delay does not have a significant impact on audit quality (Sitompul et al., 2021). However, Sinaga et al., (2021) suggest that audit delay has a significant impact on audit quality.

Audit rotation is the rotation of auditors by client companies which is carried out for a maximum of 3 consecutive years in order to anticipate fraud (Andriani & Nursiam, 2018). The independence of an auditor will increase with audit rotation, because auditors can show that they are not influenced by others. That way, it can be interpreted that audit rotation has a significant impact on audit quality (Akbar, 2017). However, the statement Herdian & Sudaryono (2023) that a short intervention time will reduce the auditor's knowledge of the client which causes the resulting audit quality to be low.

The audit committee is a board of commissioners who maintain auditors to maintain their independence from management interference (Jessica et al., 2021).

The audit committee holds an important position in providing additional oversight of management performance, ensuring the accuracy of information, and analyzing financial reports (Rizaldi et al., 2022). Thus, it can be interpreted that the audit committee has a significant impact on audit quality (Asmarani & Hernadianto, 2023). However, the statement of Azan & Maryani (2023) that the audit committee has no significant impact on audit quality. From the description above, it can be seen that there are conflicting opinions between one researcher and another so that this research is carried out to bridge the gap from previous research.

Audit tenure is the length of the auditor or KAP assignment which affects the auditor's emotional relationship with the client (Sari & Rahmi, 2021). Short tenure will have an impact on auditor performance due to limited information and evidence resulting in potential misstatements not being detected. Therefore, it takes a long time to get to know and understand the client's business and risks so that the auditor's ability increases (Resza et al., 2023). In addition, with the increase in the duration of the bond, the quality of the audit that reveals opportunities for errors and fraud in the presentation of financial statements tends to also increase. Research Lee & Sukartha (2017) found that audit tenure has a significant effect on audit quality. Thus, based on previous research, the hypothesis can be predicted as follows:

H<sub>1</sub>: Audit Tenure has a positive effect on audit quality.

Audit fee is a fee obtained by the auditor from an audit engagement performed (Biri, 2019). Audit fees are determined by demand and supply side factors (Yuan et al., 2023). On the demand side, auditors can charge higher fees if there is an increase in client demand. And on the supply side, the audit fee is related to the effort made by the auditor. The high audit fee given to the auditor will also increase the quality of the resulting audit, which means that the amount of audit fees has an impact on audit quality (Yustari et al., 2021). This is in line with research Sa'adah & Challen, (2022) that audit fees show a significant effect on audit quality. Based on previous research, the hypothesis can be predicted as follows:

H<sub>2</sub>: Audit fees have a positive effect on audit quality.

Audit delay is the auditor's delay in submitting the audit report. An audit can be said to be timely if its completion does not exceed the specified reporting deadline (Felicia & Pesudo, 2019). Timeliness is a characteristic to maintain the reliability of accounting information, where the reporting of information must be appropriate and accurate. Timeliness in delivery is very important and affects the incompatibility of a report with the company's situation which results in uncertainty in decision making (Shaena et al., 2020). Thus, it can be said that audit delay will affect audit quality because timeliness will be a consideration in decision making. Research Herwidyawati et al., (2022) states that audit delay has a significant effect on audit quality. Based on previous research, the hypothesis can be predicted as follows:

H<sub>3</sub>: Audit Delay has a positive effect on audit quality.

Audit rotation is a change of company auditors in preventing fraud during the examination of a financial report. The change is made when a KAP has examined the financial statements of a similar company continuously for three years. The existence of audit rotation will also increase the independence of an

auditor, because it is considered to be able to show an attitude that is not influenced by anyone. Thus, it can be said that audit rotation will affect audit quality because it can prevent fraud and increase auditor independence. Research conducted by Rahmadini & Fauzihardani (2022) found that audit rotation has a significant effect on audit quality. Based on previous research, the hypothesis can be predicted as follows:

H<sub>4</sub>: Audit rotation has a positive effect on audit quality.

The audit committee is the board of commissioners responsible for assisting auditors in maintaining their independence. The formation of the audit committee under the auspices of the board of commissioners aims to carry out examinations and supervision of corporate governance and monitor the activities of auditors in preparing financial reports (Lailatul & Yanthi, 2021). The audit committee also takes part in providing advice on financial, accounting, and internal control situations and conditions. Thus, the existence of an audit committee will have an impact on the quality of the audit produced by the auditor. Research Hutapea (2018) found that the audit committee has a significant effect on audit quality. Based on previous research, the hypothesis can be predicted as follows:

H<sub>5</sub>: Audit Committee has a positive effect on audit quality

The audit committee is a supervisor of auditors in maintaining their independence. Meanwhile, audit tenure is the length of the auditor's interaction with the client. Audit quality will increase because the length of the auditor's agreement with the client will foster the auditor's skills about the client company. However, the longer the auditor's commitment with the client will also result in a decrease in auditor independence, so that to maintain auditor independence, the company forms an audit committee whose job is to oversee the performance of auditors in preparing financial reports (Laili, 2020). The following hypothesis is assumed:

H<sub>6</sub>: Audit tenure has an indirect impact on audit quality through audit committee intervention

The audit committee is the auditor's supervisor and the audit fee is a fee payable to the auditor. The contribution of the audit committee in providing useful input on finance, accounting and internal control requires the audit committee to also have expertise in these areas. This expertise will support the performance of auditors in reviewing financial statements, providing high assurance services and discussing audit issues and high audit services will make audit fees greater (Mustapha et al., 2020). Thus, the increase in audit fees is indirectly considered to contribute to an increase in the quality of the resulting audit. The following hypothesis is assumed:

H<sub>7</sub>: Audit fees have an indirect impact on audit quality through audit committee intervention

The audit committee is a board of commissioners who assist auditors in maintaining their independence. Meanwhile, audit delay is the auditor's delay in submitting the report. At least one of the three audit committee members is required to have competence in accounting and finance (Gunarsa & Putri, 2017). The presence of audit committee personnel who have competence in accounting and financial aspects can shorten the time span for reporting financial statements,



so that information submitted in a timely manner tends to raise audit quality standards. The following hypothesis is assumed:

H<sub>8</sub>: Audit delay has an indirect impact on audit quality through audit committee intervention

The audit committee is a supervisor that aims to maintain auditor independence. Meanwhile, audit rotation is a change of auditors. Limiting auditor ties with clients is one of the applications carried out by the audit committee in maintaining audit quality. Therefore, to maintain auditor independence, audit committee members should have accounting and financial skills that are useful for carrying out their duties in supervising and monitoring auditor performance more

H<sub>9</sub>: Audit rotation has an indirect impact on audit quality through audit committee intervention

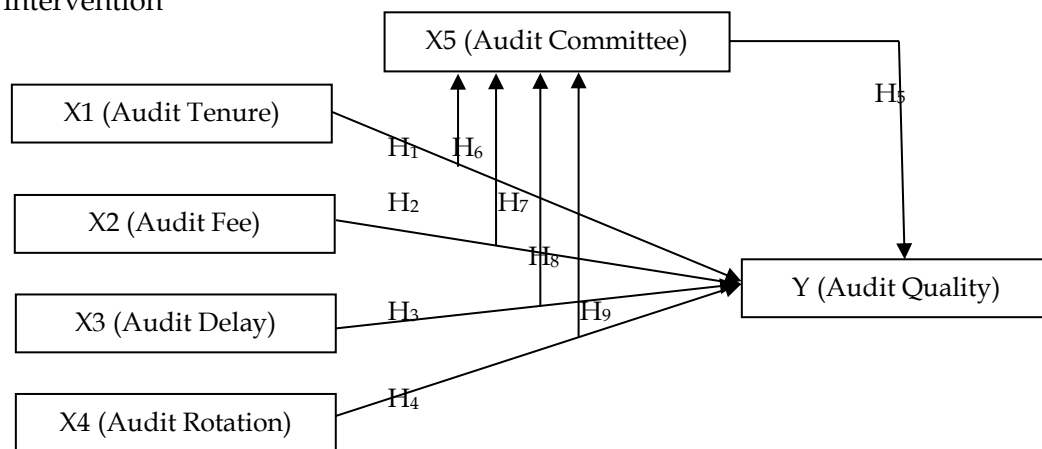


Figure 1. Research Model

Source: Research Data, 2024

## RESEARCH METHODS

This study applies a quantitative approach by taking a population of all mining sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2016 to 2022. Based on the observation results, there are 63 mining sector companies listed on the Indonesia Stock Exchange (IDX). Sample determination using purposive sampling method with the following criteria: The company must be listed on the Indonesia Stock Exchange from 2016 to 2022, the company publishes the required annual financial statements, the company uses the Rupiah currency value and the company discloses the amount of audit fees. This study utilizes secondary data obtained from collecting documentary data in the form of annual financial reports of companies, especially those operating in the mining sector, which are listed on the Indonesia Stock Exchange (IDX) from 2016 to 2022 through the website [www.idx.co.id](http://www.idx.co.id). Based on the above criteria, observations have been made and the following are the sample results obtained:

**Table 1. Sample Determination**

Description	Total
Mining companies listed on the IDX	441
The company does not have the required financial statements	(181)
The Company does not use Rupiah currency	(137)
The company does not disclose audit fees	(49)
Number of data observed	74

Source: Research Data, 2024

In this study, audit quality is the dependent variable. The assessment of audit quality in this study is proxied by (AFSIZE) which is one of the measurement methods commonly adopted in research (Alawaqleh et al., 2021). AFSIZE is measured as a dummy variable, with a value of 1 if the audit firm is included in the Big 4, and a value of 0 otherwise.

This study uses audit tenure, audit fees, audit delay, and audit rotation as independent variables. Measurement of audit tenure is seen from the duration of the auditor's work with the client by calculating the number of years of the sample period and the initial year of the agreement (Simamora & Hendarjatno, 2019). Audit fee measurement uses the natural logarithm, namely by collecting audit fees from the company's annual report which records all audit fees paid to auditors (Egbunike et al., 2023). Audit delay is measured from December 31 to the date of issuance of the financial statements (Maulana & Lastanti, 2023). Meanwhile, to measure audit rotation, a dummy variable is used which is 1 if the company rotates and 0 otherwise (Dewita & NR, 2023). The audit committee assessment is carried out by calculating the total audit committee in the company (Silaban & Suryani, 2020).

In this study, data analysis was carried out using WarpPLS 7.0. WarpPLS is software used to examine SEM models that refer to variation or Partial Least Square. The SEM analysis model with WarpPLS can recognize and estimate the relationship between latent variables and determine whether the correlation is linear or non-linear (Nuryaman & Ramaditya, 2020).

## RESULTS AND DISCUSSION

Descriptive analysis is used to explain or describe the data collected on the object under study without intending to make general conclusions or generalizations. The following descriptive analysis results are shown in table 2.

**Table 2. Descriptive Analysis Results**

	AQ	AT	AF	AD	AR	AC
N Valid	74	74	74	74	74	74
Missing	0	0	0	0	0	0
Mean	0.189	3.973	19.784	88.405	0.514	3.176
Median	0.000	3.000	19.000	88.000	1.000	3.000
Mode	0.000	3.000	19.000	84.000	1.000	3.000
Minimum	0.000	1.000	18.000	51.000	0.000	3.000
Maximum	1.000	12.000	23.000	147.000	1.000	4.000

Source: Research Data, 2024

The model fit test is used to determine the feasibility of the model. In this study, the fit model uses four surveys, namely, Average path coefficient (APC),

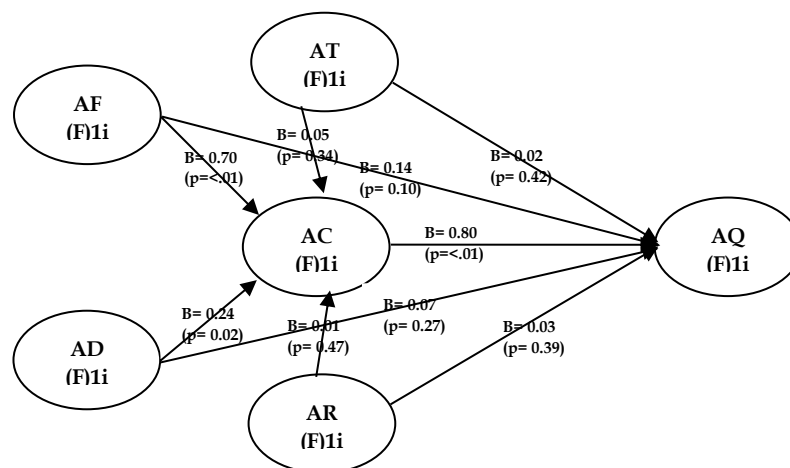
Average R-Square (ARS), Average adjusted R-square (AARS) and Average block VIF (AVIF).

**Table 3. Model Fit and Quality Indices**

Examination	Results	Conclusion
Average path coefficient (APC)	0,009	Meets Criteria
Average R-Squared (ARS)	P<0,001	Meets Criteria
Average adjusted R-Squared (AARS)	P<0,001	Meets Criteria
Average block VIF (AVIF)	1.551	Meets Criteria

Source: Research Data, 2024

Based on the test results, the P-value on APC, ARS and AARS is <0.05 and AVIF is less than 5. This shows that this research model has met the fit model requirements.



**Figure 2. Path Diagram**

Source: Research Data, 2024

From the figure above, it can be seen that the direct effect model shows that variable X5 (audit committee) on audit quality is significant because it has a P-value <0.001. Meanwhile, the indirect effect model shows that the variables X2 and X3 (audit fee and audit delay) mediated by the audit committee on audit quality are significant because they have a P-value <0.001 and 0.002. The following is a complete hypothesis testing table in this study.

**Table 3. Path Coefficient of Direct Influence Between Variables and Hypothesis Testing**

Variable Relationship	Path Coefficient	Effect Sizes	P-Value	Description
X1 → Y	-0.022	0.001	0.424	Not significant
X2 → Y	0.144	0.117	0.100	Not significant
X3 → Y	-0.071	0.038	0.268	Not significant
X4 → Y	0.032	0.002	0.391	Not significant
X5 → Y	0.804	0.768	<0.001	Highly significant

Source: Research Data, 2024

From the results in table 3 above, it can be seen that hypothesis testing can be interpreted as follows:

The path coefficient between X1 → Y is -0.022 with a negative parameter, indicating that any increase in audit tenure will lead to a decrease in audit quality.



The Effect size value on audit tenure is 0.001, indicating a weak direct relationship. While the P-value is  $0.424 > 0.05$ , indicating that audit tenure has no significant relationship directly to audit quality so that H1 is rejected.

The path coefficient between  $X2 \rightarrow Y$  is 0.144 with a positive parameter, indicating that any increase in audit fees will lead to an increase in audit quality. The Effect size value on the audit fee is 0.117, indicating a moderate direct relationship. While the P-value of  $0.100 > 0.05$ , indicating that audit fees do not have a significant relationship directly to audit quality so that H2 is rejected.

The path coefficient between  $X3 \rightarrow Y$  is -0.071 with a negative parameter, indicating that any increase in audit delay will lead to a decrease in audit quality. The Effect size value on audit delay is 0.038, indicating a weak direct relationship. While the P-value is  $0.268 > 0.05$ , indicating that audit delay has no significant relationship directly to audit quality so that H3 is rejected.

The path coefficient between  $X4 \rightarrow Y$  is 0.032 with a positive parameter, indicating that any increase in audit rotation will lead to an increase in audit quality. The Effect size value on audit rotation is 0.002, indicating a weak direct relationship. While the P-value is  $0.391 > 0.05$ , indicating that audit rotation has no significant relationship directly to audit quality so that H4 is rejected.

The path coefficient between  $X5 \rightarrow Y$  is 0.804 with a positive parameter, indicating that any increase in the audit committee will lead to an increase in audit quality. The Effect size value on audit rotation is 0.768, indicating a strong direct relationship. While the P-value is  $<0.001 < 0.05$ , indicating that the audit committee has a significant relationship directly to audit quality so that H5 is accepted.

**Table 4. Path Coefficient of Indirect Influence Between Variables and Hypothesis Testing**

Variable Relationship	Path Coefficient	Effect Sizes	P-Value	Description
$X1 \rightarrow X5 \rightarrow Y$	0.048	0.002	0.339	Not significant
$X2 \rightarrow X5 \rightarrow Y$	0.704	0.461	$<0.001$	Highly significant
$X3 \rightarrow X5 \rightarrow Y$	-0.236	0.102	0.016	Significant
$X4 \rightarrow X5 \rightarrow Y$	0.008	0.000	0.474	Not significant

Source: Research Data, 2024

From the results in table 4 above, it can be seen that hypothesis testing can be interpreted as follows:

The path coefficient between  $X1 \rightarrow X5 \rightarrow Y$  is 0.048 with a positive parameter, indicating that any increase in audit tenure mediated by the audit committee will lead to an increase in audit quality. The Effect size value on audit tenure mediated by the audit committee is 0.002, indicating a weak indirect relationship. While the P-value of  $0.339 > 0.05$ , indicating that audit tenure mediated by the audit committee has no significant relationship to audit quality so that H6 is rejected.

The path coefficient between  $X2 \rightarrow X5 \rightarrow Y$  is 0.704 with a positive parameter, indicating that any increase in audit fee mediated by audit committee will lead to an increase in audit quality. The Effect size value on audit fee mediated by audit committee is 0.461, indicating a strong indirect relationship. While the P-

value is  $<0.001 < 0.05$ , indicating that the audit fee mediated by the audit committee has a significant relationship with audit quality so that H7 is accepted.

The path coefficient of  $X3 \rightarrow X5 \rightarrow Y$  is -0.236 with a negative parameter, indicating that any increase in audit delay mediated by the audit committee will lead to a decrease in audit quality. The Effect size value on audit delay mediated by the audit committee is 0.102, indicating a moderate indirect relationship. While the P-value of  $0.016 < 0.05$ , indicating that audit delay mediated by the audit committee has a significant relationship with audit quality H8 is accepted.

The path coefficient of  $X4 \rightarrow X5 \rightarrow Y$  is 0.008 with a positive parameter, indicating that audit rotation mediated by the audit committee will lead to an increase in audit quality. The Effect size value on audit rotation mediated by the audit committee is 0.000, indicating a weak indirect relationship. While the P-value of  $0.474 > 0.05$ , indicating that audit rotation mediated by the audit committee has no significant relationship to audit quality so that H9 is rejected.

In accordance with the hypothesis test results in table 3 above, audit tenure has a P-Value of  $0.424 > 0.05$ , which means that audit tenure does not have a significant correlation with audit quality. The length of the relationship between the auditor and the client is not a benchmark that the audit results will be of high quality. The length of this relationship will make the auditing auditor more familiar with the state of the client company if there are indications of financial statement manipulation, but on the other hand it will also make KAP feel confident with the client so that it does not develop an audit procedure strategy (Wahyu, 2020).

In accordance with the hypothesis test results in table 3 above, the audit fee has a P-Value of  $0.100 > 0.05$ , which means that the audit fee does not have a significant correlation with audit quality. The amount of audit fees received by the auditor cannot estimate whether or not the resulting audit quality is good. Audit quality is seen from the independent and professional attitude of the auditor or not, not from how much the audit fee is given. This is supported by the statement of Suwarno et al., (2020) that audit fees are unable to conclude whether the audit quality is satisfactory and feasible or not.

In accordance with the hypothesis test results in table 3 above, audit delay has a P-Value of  $0.268 > 0.05$ , which means that audit delay does not have a significant correlation with audit quality. Delays in reporting audited financial statements cannot affect audit quality because the delay problem is the responsibility of the company while the audit quality produced by KAP will remain the same (Rakha & Sofia, 2019). The longer the report delay, the lower the audit quality, so that if there is an audit delay in reporting, the resulting information will lose its relevance. Therefore, company management needs to synchronize the benefits between reporting timeliness and information reliability.

In accordance with the hypothesis test results in table 3 above, audit rotation has a P-Value of  $0.391 > 0.05$ , which means that audit rotation does not have a significant correlation with audit quality. The existence of audit rotation is not a guarantee that the resulting audit will be of high quality. This is because the implementation of audit rotation is only a restriction between auditors and clients (Salsabila, 2018). The auditor changes that have been applied by KAP, both Big4 and non-Big4, will still produce the same audit quality and actually the market

does not really care whether the auditors who deliver opinions on annual financial reports have been rotated or not (Siregar & Sudjiman, 2022).

In accordance with the hypothesis test results in table 3 above, the audit committee has a P-Value of  $<0.001 < 0.05$ , which means that the audit committee has a very significant correlation with audit quality. The existence of an audit committee as a supervisor and monitor of auditors in preparing financial statements will assist auditors in maintaining their independence. In addition, the existence of an audit committee will also be a consideration for KAP to provide quality to its audits. Therefore, if the independence of an auditor is maintained, the audit quality will also improve (Soliman & Elsalam, 2014).

In accordance with the hypothesis test results in table 4 above, audit tenure mediated by the audit committee has a P-Value of  $0.339 > 0.05$ , which means that audit tenure mediated by the audit committee does not have a significant correlation with audit quality. The audit committee is in charge of overseeing the relationship between the auditor and the client. The length of the auditor's relationship with the client will not affect audit quality due to the application of audit rotation as a restriction.

In accordance with the hypothesis test results in table 4 above, the audit fee mediated by the audit committee has a P-Value of  $<0.001 < 0.05$ , which means that the audit fee mediated by the audit committee has a very significant correlation with audit quality. The existence of an audit committee as a supervisor requires one of its three members to have the ability and understanding in the field of accounting. Committee members with these abilities are considered to have advantages and will automatically increase audit costs, so that high audit costs also improve audit quality.

In accordance with the hypothesis test results in table 4 above, the audit delay mediated by the audit committee has a P-Value of  $0.016 < 0.05$ , which means that the audit delay mediated by the audit committee has a significant correlation with audit quality. The existence of an audit committee that has competence in accounting and financial aspects will help speed up the timeframe in the financial reporting process. The timeliness of submitting this information will improve audit quality because the information produced becomes relevant and reliable. The reliability of this information is useful in making the right decisions.

In accordance with the hypothesis test results in table 4 above, audit rotation mediated by the audit committee has a P-Value of  $0.474 > 0.05$ , which means that audit rotation mediated by the audit committee does not have a significant correlation with audit quality. One of the tasks performed by the audit committee in maintaining auditor independence is by implementing auditor rotation. Auditor rotation is implemented to limit the relationship between auditors and clients so that it does not last long.

## CONCLUSION

One of the factors that become confidence in decision making by stakeholders is audit quality. However, after many cases occurred such as Enron with KAP Anderson who manipulated reports, many stakeholders doubted the quality of audits produced by auditors. That way, what aspects can affect audit quality.

Based on the results of the analysis through WarpPLS, it shows that in the direct effect, the audit committee has a very strong correlation with audit quality. However, audit tenure, audit fee, audit delay and audit rotation are the opposite. Meanwhile, the indirect effect or mediated by the audit committee shows that audit fee and audit delay have a correlation to audit quality. However, audit tenure and audit rotation have no correlation with audit quality. Thus, the role of the audit committee as a mediating variable on audit quality applies to audit fees and audit delay. The existence of an audit committee will maintain auditor independence, which requires the audit committee to have skills in accounting and finance. This ability will automatically increase audit fees while being useful in speeding up the reporting process.

The limitations in this study only use five independent variables, namely audit tenure, audit fee, audit delay, audit rotation and audit committee, and the data sample used is also only in mining companies listed on the IDX. That way, researchers recommend that future research can add several independent variables such as auditor reputation. Then, increase the research sample by not only involving mining companies but companies in other sectors.

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