The Role of Artificial Intelligence in the Influence of Auditor Abilities on Audit Quality

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Abstract

Purpose: This study aims to investigate the influence of auditor abilities on audit quality, with artificial intelligence (AI) as a moderating variable, addressing inconsistencies in prior research and exploring the potential role of AI in enhancing this relationship.

Method: A quantitative approach was employed, utilizing questionnaires to collect data from 43 external and government auditors in Bengkulu City. The data were analyzed using Structural Equation Modeling Partial Least Square (SEM-PLS) to examine the relationships between variables.

Results: The findings reveal that auditor abilities have a significant and positive impact on audit quality. However, the moderating effect of AI on this relationship was found to be insignificant, indicating limited integration of AI in current auditing practices in the region.

Implications: The study underscores the importance of developing auditor skills and leveraging AI to potentially enhance audit quality in the future. It highlights the need for further technological adoption in auditing practices to fully realize AI's potential benefits.

Novelty: This research contributes to the literature by integrating AI into the discourse on auditor competence and audit quality, offering a fresh perspective on the interplay between human skills and technological advancements in the auditing domain.

Keywords: auditor ability; audit quality; artificial intelligence

Abstrak

Tujuan: Penelitian ini bertujuan untuk menguji pengaruh kemampuan auditor terhadap kualitas audit, dengan kecerdasan buatan (AI) sebagai variabel moderasi, serta mengeksplorasi peran potensial AI dalam meningkatkan hubungan tersebut.

Metode: Pendekatan kuantitatif digunakan dengan mengumpulkan data melalui kuesioner dari 43 auditor eksternal dan pemerintah di Kota Bengkulu. Data dianalisis menggunakan Structural Equation Modeling Partial Least Square (SEM-PLS) untuk menguji hubungan antar variabel.

Hasil: Temuan menunjukkan bahwa kemampuan auditor berpengaruh signifikan dan positif terhadap kualitas audit. Namun, efek moderasi AI tidak signifikan, mengindikasikan integrasi AI yang terbatas dalam praktik audit saat ini.

Implikasi: Penelitian ini menekankan pentingnya pengembangan keterampilan auditor dan pemanfaatan AI untuk meningkatkan kualitas audit di masa depan, serta perlunya adopsi teknologi lebih lanjut dalam praktik audit.

Kebaruan: Studi ini berkontribusi pada literatur dengan mengintegrasikan AI ke dalam wacana kompetensi auditor dan kualitas audit, memberikan perspektif baru tentang interaksi antara keterampilan manusia dan kemajuan teknologi dalam bidang audit.

Kata kunci: kemampuan auditor; kualitas audit; kecerdasan buatan

INTRODUCTION

Audit quality is a major concern in the public accounting profession because it plays a crucial role in ensuring the reliability of financial information for investors. Audit quality is fundamentally a result of proper implementation in the audit process, including both inputs and outputs (IAASB, 2014). The main element that can affect the caliber of audit outcomes is the auditors' ability.

The rapid evolution of the digital era has presented new challenges for the audit profession, particularly with the rise of artificial intelligence technology, which is transforming traditional auditing practices. Globally, major accounting firms such as the Big Four (KPMG, PwC, EY, and Deloitte) have begun integrating AI-based technologies into their audit processes, with tools like KPMG Clara and PwC's GL.ai demonstrating how AI enables more efficient data processing, enhanced risk assessment, and improved fraud detection capabilities (Munoko et al., 2020; Issa et al., 2022; Eulerich et al., 2023).

However, AI adoption varies significantly across regions and organizational contexts. In emerging markets and smaller accounting firms, integration remains limited due to cost constraints, lack of technical expertise, and regulatory uncertainties (Zahid & Teuteberg, 2022). In Indonesia, particularly in provincial cities like Bengkulu, public accounting firms and government audit institutions face challenges in adopting AI-based audit software due to infrastructure limitations, budget constraints, and insufficient training programs (Sutrisno et al., 2023). Despite initiatives by the Indonesian Institute of Certified Public Accountants (IAPI) to promote technology adoption, significant implementation gaps remain (IAPI, 2024).

There is still limited understanding of how AI affects the relationship between auditor ability and audit quality. Previous studies show inconsistent results: some research (Chen et al., 2019; Hussein & Hanefah, 2013; Svanberg & Öhman, 2019) indicates positive influence of auditor ability on audit quality, while other studies (Imansari & Halim, 2016; Renaldi & Mawardi, 2021; Lestari & Ardiami, 2023) find no significant connection. These inconsistencies may be attributed to contextual differences, including variations in audit firm size, regulatory environments, and levels of technological adoption. Studies in developed markets with mature audit practices show stronger correlations compared to emerging markets where institutional support and technology infrastructure are less developed.

Furthermore, earlier research focused solely on technical aspects without considering AI's effects on the auditor ability-audit quality relationship. Recent studies (Huang & Vasarhelyi, 2019; Zhang, 2019; Eulerich et al., 2023; Manita et al., 2020) demonstrate that AI technologies such as machine learning algorithms and natural language processing can enhance auditors' analytical capabilities, particularly in detecting anomalies and assessing complex transactions. However, these benefits are contingent upon auditors possessing sufficient digital literacy and technical competence to effectively leverage AI tools.

This study addresses these research gaps by examining auditors in public accounting firms and government auditors (BPKP) in Bengkulu City—a provincial context differentiating it from previous studies that primarily examined large accounting firms. This provides valuable insights into AI adoption patterns in smaller-scale audit environments, contrasting with the predominantly Big Four-focused literature and contributing to a more nuanced understanding of how technological innovations impact audit quality across different organizational scales and geographic contexts. The study integrates agency theory and human capital theory to explain how auditor abilities influence audit quality and how AI potentially moderates this relationship. It is anticipated that this study will advance knowledge of AI's function as a moderator in enhancing the correlation between auditor skills and audit quality in the digital age.

Agency theory is put forward by (Jensen & Meckling, 1976) explaining the contractual relationship between principal and agent. Recent developments in agency theory have incorporated technological dimensions, recognizing that information asymmetry between principals and agents can be mitigated through advanced technologies such as AI-driven audit systems (Cao et al., 2021; Schilit & Berkovec, 2022). In this study, agency theory describes the contractual relationship between principal (investor) and agent (auditor) in the context of auditing. As the primary, the investor gives the auditor, who is highly skilled as an agent, permission to examine and offer an opinion on a company's financial statements. The investor will then use the findings to inform their decision-making.

The abilities of an auditor are crucial for producing optimal audit quality, as auditors must possess adequate knowledge, expertise, and experience to perform the audit process according to professional standards. Alongside technological advancements, the role of Artificial Intelligence as a moderating variable can enhance the relationship between auditors' skills and audit quality. Artificial intelligence assists auditors in analyzing large datasets (big data), identifying unusual patterns (anomaly detection), and conducting more precise and efficient audit procedures. Contemporary research demonstrates that AI-enabled continuous auditing systems reduce monitoring costs and enhance the

principal's ability to verify agent performance, thereby strengthening the fundamental agency relationship (Dai & Vasarhelyi, 2022; Tiberius & Hirth, 2023). With artificial intelligence support, auditors can maximize their capacity for professional judgment and deliver more comprehensive audit evidence.

The human capital theory (Becker, 1993) emphasizes that investment in the development of individual knowledge, skills, and abilities will result in increased productivity and performance. In the contemporary context, human capital theory has evolved to incorporate digital competencies as essential components of professional capability. Schultz (2023) and Marginson (2022) argue that in the digital age, human capital must encompass not only traditional professional skills but also technological literacy and the ability to work synergistically with intelligent systems. In this study, the theory of human capital can be associated with the role of auditors who have the abilities acquired through formal education, professional training, audit experience, and specific skills acquired during their careers as auditors. Investment in the development of auditors' abilities will be reflected in their ability to produce good audit quality.

Artificial intelligence as a moderating variable in this study can enhance the effectiveness of human capital auditors in producing optimal audit quality. Artificial intelligence serves as a cognitive enhancement tool that expands auditors' abilities in processing complex information, conducting predictive analysis, and identifying audit risks more accurately. Research by Kokina and Davenport (2022) and Cooper et al. (2024) demonstrates that auditors who invest in developing AI-related competencies experience significant productivity gains and enhanced professional judgment capabilities. When auditor abilities are integrated with artificial intelligence abilities, a synergy is formed that increases auditors' capacity to exercise professional judgment and skepticism. This human-AI collaboration represents an augmentation rather than replacement model, where technology amplifies human expertise rather than substituting it (Sutton et al., 2023; Raphael, 2024). AI's role in moderating the relationship between auditor ability and audit quality reflects the evolution of the concept of human capital in the digital era, with the added value generated being the result of a combination of human abilities and technology.

The ability of auditors is one of the key factors affecting audit quality. Auditor's ability refers to their capacity to identify and report violations that do not comply with accounting standards (DeAngelo, 1981). These abilities encompass the knowledge, experience, and technical expertise necessary for conducting an effective audit process. A competent auditor must understand audit standards, accounting principles, and relevant regulations. More comprehensively, it is (Lee & Stone, 1995) explained that auditor ability is expertise acquired through education, professional certification, training, and experience in the audit process. The book (International Federation of

Accountants, 2014), emphasizes that auditor competence comprises three primary dimensions: technical knowledge, professional skills, and a foundation of professional ethics, values, and attitudes. Audit quality according to the book (IAASB, 2014) explains the fundamental results or objectives of the audit through the proper implementation of the audit process, inputs, and outputs. Audit quality is the output of an auditor in identifying errors or non-conformities and reporting them as audit results (Rahayu & Suryono, 2022). In the study (DeFond & Zhang, 2014) they provide a broader perspective by defining audit quality as the level of conformity of the financial statement framework with applicable accounting standards. An auditor must adhere to the relevant accountant code of ethics and applicable auditing standards while doing their.

The effectiveness of auditors directly impacts audit quality. In this scenario, agency theory illustrates the relationship where investors act as principals who assign auditors, their agents, and the task of performing financial statement audits. This agency dynamic necessitates that auditors possess sufficient skills, as the quality of their audits is crucial for investors to trust the provided financial information in their decision-making process (Alotaibi & Alnesafi, 2023). Supported by human capital theory, investing in auditors' skill development leads to enhanced audit quality by improving their ability to follow established standards during the audit process. Superior auditor skills enhance their knowledge and expertise, positively influencing the overall quality of audits conducted. Previous research (Svanberg & Öhman, 2019) in Scandinavian countries revealed that auditors with a high level of ability can produce better audit quality, especially in terms of material misrepresentation detection. It is proven the results of a study conducted (Hussein & Hanefah, 2013) in Malaysia, found that the ability of auditors contributes 65.4% to the variation in audit quality. Research (Chen et al., 2019) in the Chinese capital market also shows that auditors' ability has a positive effect on audit quality with a determination coefficient of 72.3%. Based on the theory used and supported by previous studies, it can be concluded that the ability of auditors has a direct influence on audit quality. Because ability is the main capital of auditors in carrying out their duties in the auditing process.

H[1]: The auditor's ability has a positive influence on the quality of audit results.

According to (McCarthy, 2004) Artificial Intelligence is defined as the science and engineering of intelligent machines that can imitate human intelligence in analyzing and solving problems. Artificial intelligence can be activated by human commands or can activate itself independently based on pre-made programs. In addition, artificial intelligence can improve itself because it is programmed to learn from previous mistakes (Hariyanti et al., 2023). The use of artificial intelligence influences the relationship between auditor ability and audit quality. According to agency theory, auditors (agents) who have high abilities

will be able to produce good audit quality for use by investors (principals). Integrating and utilizing artificial intelligence technology in the audit process can increase the effectiveness and accuracy of audit procedures carried out by auditors. Here, artificial intelligence serves as a mediator that can amplify the beneficial impact of auditors' skills on audit quality. Because artificial intelligence can provide accurate information will help improve the quality of the audit process. This will have a good impact on the relationship between auditors (agents) and investors (principals) because good audit results will be able to increase the reliability of audit results as the basis for decision-making in investment.

According to the theory of human capital, when auditors who already have capital can adapt and integrate artificial intelligence technology into the audit process, this creates synergies that increase the effectiveness of audit implementation. Investment in the development of auditor abilities not only includes traditional aspects of auditing but also the ability to utilize modern technology such as artificial intelligence, thereby creating a more comprehensive human capital. Thus, artificial intelligence as a moderator can strengthen the positive influence of auditors' human capital investment in the form of auditor abilities with the quality of audit results, where the combination of auditor abilities and the use of artificial intelligence simultaneously results in a more efficient, accurate, and quality audit process.

Previous research (Huang & Vasarhelyi, 2019) revealed that the AI-assisted audit process will not only improve operational efficiency but also allow auditors to be able to focus on areas that require deeper professional consideration. In research, (Zhang, 2019) the study highlighted that the collaboration between auditors and artificial intelligence fosters a synergy that significantly elevates audit quality. Auditors who understand artificial intelligence can leverage this technology to conduct higher-quality audits. This situation underscores AI's strategic role as a facilitator that enhances the link between auditor skills and audit quality, contributing to more effective and efficient adherence to applicable audit standards. Despite this, auditors remain essential, as artificial intelligence cannot independently influence audit quality (Appelbaum et al., 2018).

Research shows that artificial intelligence cannot replace auditors but instead serves as a supportive tool that enhances their ability to perform thorough analyses in decision-making. Thus, the partnership between artificial intelligence and auditors can lead to considerable improvements in audit quality when artificial intelligence is integrated into auditing processes. The quality of audit results can be enhanced by competent auditors using artificial intelligence to moderate the audit process, according to the theory's formulation and prior research that supports it.

H[2]: Artificial intelligence moderates auditors' abilities that will positively impact audit quality.

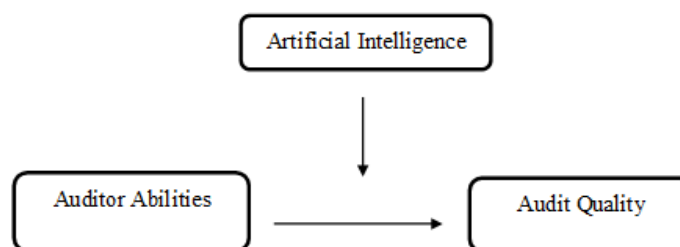The form of the research framework that will be from this study is:

Figure 1. Conceptual Framework
Source: Processed Data (2025)

METHOD

This study employs a quantitative research design to explore the influence of auditor abilities on audit quality, with artificial intelligence (AI) serving as a moderating variable. Grounded in agency theory and human capital theory, the research utilizes Structural Equation Modeling Partial Least Square (SEM-PLS) for data analysis. The population consists of external auditors from public accounting firms (KAP) and the Financial and Development Supervisory Board (BPKP) in Bengkulu City. Given the limited number of auditors, total sampling was applied, with all 43 available auditors included as respondents. Data were collected through questionnaires using a Likert scale, distributed both offline (via office visits) and online (via Google Forms). The questionnaire measured three key variables: auditor abilities (independent variable), audit quality (dependent variable), and AI (moderating variable).

Operational Research Variables

According to (Sugiyono, 2016) research variables are everything that is determined by the researcher to be examined in gathering information and making conclusions. This research consists of independent variables, dependent variables, and moderation variables. The auditor's ability is an independent variable, and the audit quality is a dependent variable. The moderation variable is the use of artificial intelligence.

To measure each variable, the Likert scale is used to measure the indicators of each variable. The Likert scale divides the variables to be measured into variable indicators. The indicator is then used as a starting point to create an instrument item, which can be a question or a statement. The variables measured in these indicators are then used as a benchmark to create instrument items in the form of questions as shown in Table 1.

The findings revealed that auditor abilities significantly enhance audit quality, highlighting the importance of skills, knowledge, and experience in delivering high-quality audits. However, the moderating role of AI was found to be insignificant in the context of Bengkulu City. This suggests that while auditor abilities are crucial, the current application and integration of AI in auditing practices remain limited in the region. The study underscores the need for further development and adoption of AI technologies to potentially amplify the impact of auditor abilities on audit quality in the future.

Tabel 1. Variabels Indicator

No	Variabel	Indicators	Items
1	Auditor Abilities	1. Knowledge 2. Skill 3. Experience 4. Professional Education 5. Working Understanding	10
2	Audit Quality	1. Conformity with applicable Standards 2. Reliability of Audit Results 3. Timeliness 4. Professionalism 5. Documentation	10
3	Artificial Intelligence	1. Technology Adoption 2. Usability 3. Benefits of Use 4. Integration with the Audit Process 5. AI Understanding	10

Source: Processed Data (2025)

RESULTS AND DISCUSSION

The results of the Descriptive Statistical Test, the function of the descriptive statistical test in this study will provide information and research variables.

Table 2. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor Abilities (KA)	43	3	5	4,2837	0,70196
Audit Quality (KUA)	43	3	5	4,4535	0,54745
Artificial Intelligence (AI)	43	1	5	2,9488	1,25981
Valid	43				

Source: Processed Data (2025)

Based on table 2, the results of the descriptive statistical test, this study included 43 respondents (N=43) to measure three main variables. The auditor ability variable produced a mean result of 4.2837, indicating that respondents agreed the auditor's ability is considered good when they possess knowledge, expertise, experience, professional education, and understanding of their work. The audit quality variable yielded an average result of 4.4535 and a standard deviation of 0.54745, suggesting that respondents agreed audit quality is achieved when it meets aspects such as compliance with standards, reliability of audit results, timeliness, professionalism, thorough documentation, and receives a high level of approval and consistent responses. In contrast, the artificial intelligence variable showed a lower average of 2.9488 and a higher standard deviation of 1.25981. The higher standard deviation value for the AI variable indicates a greater variation or diversity of answers from respondents regarding the use of AI compared to the other variables.

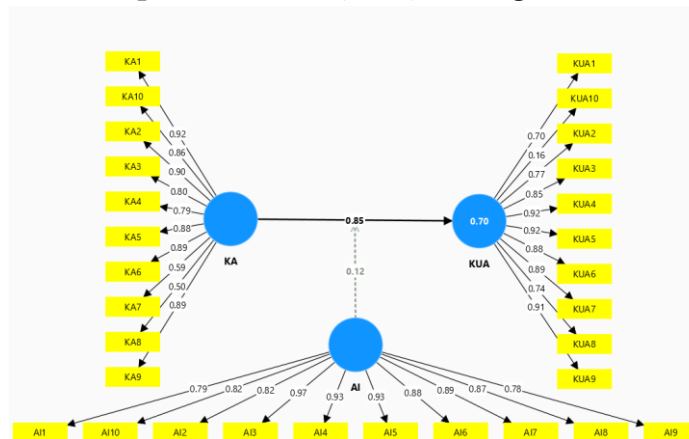**Results of Structural Equation Model (SEM) Testing**

Figure 2. Structural Equation Model (SEM) Test Results
Source: Processed Data (2025)

According to the smartPLS test findings, a loading factor value of 0.16 is found below 0.50 parts (KUA10), indicating that data drop is necessary to produce a decent model. **The results of the Outer Model Test** have three measurement criteria for data analysis techniques using Smart PLS to assess the model. The criteria are convergent validity, composite reliability, and discriminant validity.

Table 3 shows that the auditor's ability variable is a reflective indicator because it has a loading factor of > 0.50 which means that all construction indicators are valid. The KUA1 indicator is the most dominant indicator with a value of 0.92 and the lowest KUA8 indicator with a value of 0.50. It is concluded that all indicators of auditor ability are valid and can be used to measure the variable construct of auditor ability.

The auditor quality variable serves as a reflective indicator, as it possesses a loading factor value greater than 0.50, indicating that all construction indicators are valid. However, KA10 cannot be deemed valid since it has a value below 0.50, necessitating the exclusion of this data to achieve a robust model. After removing the data, the KA4 and KA5 indicators became predominant with values of 0.92, while the KA1 indicator recorded the lowest value at 0.70. It was concluded that all indicators were valid for measuring the construct of reflective independent variables, with loading factors exceeding 0.50, confirming that all indicators of the construct were valid and could be utilized to assess the construct of audit quality variables.

Table 3. Variable Outer Loading Validity Test

Questions	Auditor Abilities (KA)	Audit Quality (KUA)	Artificial Intelligent (AI)	Result
1	0.92	0.70	0.80	Valid
2	0.90	0.77	0.83	Valid
3	0.80	0.85	0.97	Valid
4	0.79	0.92	0.94	Valid
5	0.89	0.92	0.93	Valid
6	0.89	0.89	0.89	Valid
7	0.59	0.89	0.90	Valid
8	0.50	0.74	0.88	Valid
9	0.89	0.91	0.76	Valid
10	0.86	-	0.81	Valid

Source: Processed Data (2025)

The AI1 to AI10 variables are reflective indicators, having a loading factor of > 0.50 which means that all construction indicators are valid. The AI3 indicator is the most dominant indicator with a value of 0.97 and the AI9 indicator is the lowest with a value of 0.76. It was concluded that all indicators were valid and could be used to measure the variable construct of the auditor's abilities.

Table 4. Cronbach's Alpha Test Results, Composite Reliability, and AV

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)	Result
KA	0.940	0.951	0.719	Reliable
AI	0.974	0.970	0.762	Reliable
KUA	0.950	0.951	0.664	Reliable

Source: Processed Data (2025)

Table 4 indicates that the composite reliability results demonstrate satisfactory values, with each variable exceeding the minimum threshold of 0.70, and the Cronbach alpha values for each variable greater than 0.6. The Average Variance Extracted (AVE) values for all constructs exceed 0.50. This signifies the consistency and stability of the instruments used. All variable constructs regarding auditor ability, artificial intelligence (AI), and audit quality serve as effective measurement tools, and the questions used to assess each construct exhibit good reliability.

Tabel 5. Discriminant Validity Test

	AI	AI*KUA	KA	KUA
AI	0.873			
Moderating Effect AI*AC	0.0227	1.000		
KUA	0.056	-0196	0.815	
KA	0.139	-0.019	0.822	0.848

Source: Processed Data (2025)

Discriminant Validity Test method to test the validity of reflection indicators is to compare the correlation value between the square root of each AVE and its structure. If the square root value of AVE is greater than the value of the correlation between constructions, then it is declared to meet the discriminant validity.

The diagonal values in the table (in bold) represent the root value of AVE (Average Variance Extracted) for each variable. Specifically, Artificial Intelligence (AI) has a value of 0.873, Moderating Effect AI*KUA is 1.000, Auditor Ability is 0.815, and Audit Quality is 0.848. The correlation values between variables outside the diagonal illustrate the relationships between them. For instance, the correlation between Artificial Intelligence and Auditor Ability is 0.056, while that between Artificial Intelligence and Audit Quality is 0.139. From these results, we can conclude that the model exhibits good discriminant validity because the root value of the AVE for each variable surpasses the correlation values with other variables. This indicates that each variable is unique, with distinct measurements in the research model.

The results of the Structural Model Test or Inner Model, entity theory-based models (interrelation, structural model, and substantive theory) illustrate the connection between latent variables. As follows:

Table 6. R Square Variable Construct

	R Square	R Square Adjusted
Audit Quality	0.700	0.677

Source: Processed Data (2025)

The R Square value for the Audit Quality variable is 0.700, or 70%, and the R Square Adjusted is 0.677, or 67.7%, indicating that the research model is producing good findings. This number indicates that the independent variables in the model can explain the variation in Audit Quality by 70%, while the rest is explained by other factors outside the mode.

Testing the first hypothesis (H$_1$)

Table 7. Test Hypothesis based on Path Coefficient

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Auditor Abilities -> Audit Quality	0.845	0.844	0.066	12.819	0.000

Source: Processed Data (2025)

The first hypothesis in table 7 states that audit quality is positively and significantly impacted by the auditor's skill. According to the test results, the statistical t-value was larger than 1.96 (12.819> 1.96) and the competency variable significance level was 0.000, which is less than 0.05. With a parameter coefficient value of +0.845, the dependent variable is positively impacted. This approval of H1 demonstrates that the auditor's skill has a favorable and substantial impact on audit quality. The quality of the audit rises in proportion to the auditor's skill level.

Second Hypothesis Testing (H$_2$)

Table 8. Test Hypothesis Based on Effect Moderation

	Original Sample	Sample Mean	Standard Deviation	T-Statistics	P Values
AI ->KUA	0.062	0.029	0.132	0.470	0.638
Moderating Effect AI*KUA	0.118	0.090	0.085	1.384	0.167

Source: Processed Data (2025)

The moderation impact test findings showed that the AI path coefficient on audit quality (KUA) was 0.062, with a t-statistical value of 0.470 (p-value = 0.638). Since the p-value is higher than 0.05, these findings suggest that artificial intelligence (AI) has no discernible impact on audit quality. The interaction of AI with auditor capacities (AI*KA) also indicates a moderation effect, with a path coefficient of 0.118 and a t-statistical value of 1.384 (p-value = 0.167). The association between artificial intelligence and audit quality **has not been**

demonstrated to be significantly moderated by the auditor's skill, as indicated by a p-value larger than 0.05.

The Influence of Auditor Abilities on Audit Quality

The first hypothesis states that audit quality is positively and significantly impacted by the auditor's skill. According to the test results, the statistical t-value was larger than 1.96 (12.819 > 1.96) and the competency variable significance level was 0.000, which is less than 0.05. With a parameter coefficient value of +0.845, the dependent variable is positively impacted. This approval of H1 demonstrates that the auditor's skill has a favorable and substantial impact on audit quality. The quality of the audit rises in proportion to the auditor's skill level.

These findings are consistent with agency theory, which posits that auditors with superior abilities better fulfill their role as agents in providing reliable financial information to principals (investors). The strong positive relationship (β = 0.845) observed in Bengkulu City aligns with previous research conducted in developed markets, such as Svanberg and Öhman (2019) in Scandinavian countries and Chen et al. (2019) in China, where auditor competence significantly influenced audit quality. However, the magnitude of this effect in our study (84.5% contribution) exceeds that reported in some international studies, suggesting that in contexts where AI adoption is limited, human capital becomes an even more critical determinant of audit quality.

The high reliance on auditor abilities in Bengkulu City may reflect the current state of audit practice in Indonesian provincial areas, where technological support remains minimal. This contrasts with findings from studies in technologically advanced audit environments, such as those conducted by Alotaibi and Alnesafi (2023) in Gulf countries, where the relationship between auditor ability and audit quality was moderated by the availability of advanced audit software. Our results suggest that in the absence of technological augmentation, traditional auditor competencies—knowledge, skills, and experience—become the primary drivers of audit quality, emphasizing the continued relevance of human capital investment in the audit profession.

The Moderating Role of Artificial Intelligence

The moderation effect test findings showed that the AI path coefficient on audit quality (KUA) was 0.062, with a t-statistical value of 0.470 (p-value = 0.638). Since the p-value is higher than 0.05, these findings suggest that artificial intelligence (AI) has no discernible impact on audit quality. The interaction of AI with auditor capacities (AI*KA) also indicates a moderation effect, with a path coefficient of 0.118 and a t-statistical value of 1.384 (p-value = 0.167). The association between artificial intelligence and audit quality has not been

demonstrated to be significantly moderated by the auditor's skill, as indicated by a p-value larger than 0.05.

The insignificant moderating effect of AI contrasts sharply with findings from international studies conducted in technologically mature markets. For instance, Huang and Vasarhelyi (2019) found that robotic process automation (RPA) significantly enhanced audit efficiency and quality in large accounting firms in the United States. Similarly, Zhang (2019) reported positive synergistic effects between AI and auditor competence in Chinese technology-forward audit environments. Eulerich et al. (2023) demonstrated that machine learning-based audit analytics substantially improved fraud detection rates when implemented by competent auditors in European audit firms.

CONCLUSIONS

Research findings show that auditor ability has a significant effect on audit quality. In particular, higher levels of auditor knowledge, skills, and experience are threatened by increased audit outcomes. These results are in line with agency theory and human resource theory, which emphasize the important role of auditors in providing reliable financial information to investors, who act as principals. However, this study found no evidence that artificial intelligence (AI) moderates the relationship between auditor ability and audit quality. This suggests that the current application of AI in the audit process in Bengkulu City may be limited or underutilized, thus hampering its potential to improve audit quality. Future research is recommended to expand the sample scope and explore other factors such as auditor independence, professional skepticism, and time pressure. It is hoped that these suggestions can improve the development of auditor competence in this modern era

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