

**Self-Interest Conflict as the Potential Threat for Audit Quality
(A Case Study in KAP KBAA Malang Branch)**

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Globalization is now occurred and brings many pressures to both of local and multinational companies. Their stakeholders demand good performance from their companies, specifically through their financial report. The data are obtained through interviews. After that, the results were analysed based conflict of interest theory and evaluated to give some suggestions that can be useful for the firm and management. Based on the results of evaluation, KAP Krisnawan, Busroni, Achsin and Alamsyah (KBAA) Malang Branch has an adequate operational system to avoid any conflict of interest and to maintain its operation through globalization. Some improvements have to be made in the aspect of work areas, organization structure and monitoring. In regard to that, operational system can be more effective and efficient in the future.

Key word: self-interest conflict, auditing, globalization

1. Background

Globalization is now taking place. Every person in the world should accept it whether or not the country leaders agree. Under the World Trade Organization (WTO) Agreement, dumping is not directly prohibited, even if it causes material injury or threatens domestic industry of the importing country. WTO allows the government of developing countries to act against dumping when material injury to the competing domestic industry is factual. The government of developing countries should be calculated the fair price difference and show evidences that the dumping is causing injury or threatening their domestic market.

Furthermore, local companies would be under high pressure from the highly capital multinational companies, which can invest their money to other countries more easily and before globalization. era. Consumers will not look into the prices of the products if they can offer uniqueness and more benefits to consumers. It will pick up the outstanding. It will be outstanding if our local companies can face this challenge well. People rely extensively on the advice of experts. Often, these experts have to deal with conflicts of interest between their personal obligation to provide good advice and their own self-interest.

The auditor should have independency in deciding the audit statement of the financial report they worked, and also they have to keep the integrity within their auditing process. Those two points are necessary to avoid any potential self-interest conflict which could harm either directly or indirectly to the audit quality.

Regarding to the previous research by Kelvin Ting Chia Kuan from Queensland University of Technology which entitled as *Auditor Independence – An Analysis of the Adequacy of Selected Provisions in CLERP 9*, independence is a critical component to the auditing process as the independence of the external auditor can enhance the credibility of a corporation's financial statements. Without their independence, the credibility of a corporation's financial statements can be questioned as these statements would generally comprise representations from management (Kuan et al 2014: p195).

International Standards on Auditing (ISA) already regulated about the independency and integrity of the auditor. ISA 200 which is about *Overall Objectives of the Independent Auditor and the Conduct of an Audit in accordance with International Standards on Auditing*. In point A15, it defines the fundamental principles of a properly-behave auditor by the IESBA Code. In point A16, it defines the necessity of independence for auditors.

Nevertheless, the companies' tendency to force auditors to become not independent cannot be blamed. There is a patronage over the relationship between auditor and company, similar to the relationship between service providers and their client. Client always wanted the best service from its provider, just like in this case, companies will pay auditor who has likelihood to deliver an affirmative audit

opinion. It cannot be changed, unless the company realizes that the auditor's report will bring positive impact for them at a whole, even if the report shows a negative result.

The researcher chose KAP KBAA Malang Branch as the study case because this KAP is on middle scale in a developing city, they are still able to grow. In regard to that, there are chances that KAP KBAA Malang Branch ever experienced self-interest conflict in their history considering on the firm scale and the city location.

2. Research Problem

Regarding to the above statements, the key problem formulated as follows: 'How can auditors avoid any self-interest conflict in their auditing process?'

3. Theoretical Framework

Conflict of self-interest becomes a fundamental problem for every people who are holding professional responsibilities in any subjects. He/she should be trustworthy and does not use his/her professional authorities. Conflict of interest is the state of incompatibility of goals of two or more individual. It is challenging for the auditor as the globalization expands its influence across the world and the global market is getting integrated. Auditors as professionals must keep up with the market in one side, but they should do their job professionally and ethically in giving opinion to the audited financial report.

According to Velasques (2006), conflict of interest will occur when employees in a certain job have an interest that might motivate them to do that job in a way that may not be in the best interests of the firm. In some cases, conflict of self-interest is not only financial in nature. It can occur, for example, in a situation when company's director has a son who is running another company that is closely related. Then he will be more likely to choose his son's company for the future project. The other kind of conflict of self-interest will occur if officers or employees of a company hold another job or consulting position in an outside firm with which their own company deals or competes

In terms of types, there are some kinds of conflict of self-interest, as follows:

1. *Objective conflicts*: conflicts of self-interest that are based on financial relationships. For example, company A enters bidding from company B that has some investments on them.
2. *Subjective conflicts*: conflict of self-interest that are based on emotional ties or relationships. For example, Mr. A, as the director of Super Company, is about to reshuffle his team of managers, but his son is involved on the related team.
3. *Potential conflict of interest*: it occurs when, for example, a Company's auditor starts the auditing process on his company without any authority from the relevant director or manager.
4. *Actual conflict of interest*: it occurs when, for example, a plant worker begins the construction of his building site with direct order from his project manager.
5. *Apparent conflict of interest*: it happens when, for example, Mr. B, who has an unclear background on auditing report, starts his new auditing process. Even if he cleared his potential conflict of self-interest now, the stakeholders will hardly to believe him again in doing the work.

Von Neumann and Morgenstern (1947) gave an example of a person prefers A to B and B to C, and that the utility of A is arbitrarily set equal to one and the utility of C arbitrarily set equal to zero. Then there exists a unique p between 0 and 1 for which the person is indifferent to getting B for sure, and a lottery with a p chance of getting A and a $1-p$ chance of getting C. The utility of B is defined to be p . If B is almost as valued as A, then p will be only slightly less than one, and if B is not much preferred to C, then p will be almost zero. (Axelrod et al 1970: p 88)

In this case, we can put the A and B as the management and the auditor. They are used to be arbitrarily equal, but, in practice, sometimes A will put them higher than B and will do everything it takes to ensure the financial report created by B is as what A want. This chance to be happen is getting bigger as the globalization arisen with its opportunities and challenges to face.

Scott (2009) on one of his book, *Financial Accounting Theory*, defined another approach of utility theory. It is called as *game theory*. It attempts to model and predict the outcome of conflict between rational individuals. This interaction occurs in the presence of uncertainty and information asymmetry. Each player is assumed to maximize his or her expected utility. Actions of other players can be extremely difficult to predict, since the action chosen by one player will depend on what action that player thinks the other players will take, and vice versa.

Globalization is a thing that we cannot avoid. every country and every people in this planet must adapt to it. As the time goes on, everything will be more integrated. You can buy anything just by clicking the 'buy' icon in the seller portal on internet from around the world. This situation could be either good or bad, depending on how valuable is the product compared to the competitors. It does not always the quality but also price of the product that will be hold as an important issue in the competition.

Hiezer and Render on their book, *Operations Management* (2011), argued that, since the early 1990s, nearly 3 billion people in developing countries have overcome cultural, religion, ethnic, and political barriers that constrain productivity, and they are now players in the global economic stage. As these barriers disappear, simultaneous advances are being made in technology, shipping reliability, and communication cost. The unsurprising result is the growth of world trade, global capital markets, and the international movement of people. It means the increase on economic integration and interdependence of countries. In response of that, many organizations are hastily extending their operations globally with innovative strategies.

Globalization means that domestic product and export may no longer be a viable business model as local they do not guarantee the success or survival. There are new standards of global competitiveness that affect quality, variety, customization, convenience, timeliness, and cost. Globalization of strategy contributes efficiency and adds value to products and services, but it also complicates the operations of manager's job. Complexity, risk, and competition are intensified, as companies must carefully account for them.

Fundamental role of the external auditors is to provide an independent attestation of a corporation's financial statements. An independent audit process does not have the capability on its own to prevent corporate collapses but it has the potential to increase the credibility and integrity of financial reporting (Kuan et al 2014: p195). In regard to Briloff's view which is the financial reports of an entity would be perceived by the investing public to have no value without the independence of the external auditor, as the financial reports of entity themselves cannot be relied upon to have a true and fair view of the related entity's financial position.

ISA 200 in point A16 stated that: *'In the case of an audit engagement it is in the public interest, and, therefore, required by the IESBA Code, that the auditor be independent of the entity subject to the audit. The IEBA Code describes independence as comprising both independence of mind and independence in appearance. The auditor's independence from the entity safeguards the auditor's ability to form an audit opinion without being affected by influences that might compromise that opinion. Independence enhances the auditor's ability to act with integrity, to be objective and to maintain an attitude of professional scepticism.'*

Those two statements above are official statements from the international auditing regulation. Independency and integrity is the two unseparated conditions for auditors to have a good quality on their audit report.

There was a data manipulation in the financial report of PT. Kereta Api Indonesia (PT. KAI). That public company stated to gain profit around Rp 6,500,000,000,00. Even if it is to be analysed more detail, PT. KAI suffered loss around Rp 63,000,000,000,00. Hekinus Manao as one of PT. KAI's chairman was rejected the financial report which had been audited by KAP S. Manan. When the audited report been analysed carefully, people found some possible frauds in PT KAI financial report year of 2005.

The third-party taxes was never collected by the company, but in the report it stated as income of PT. KAI in the year of 2005. The value added tax (VAT) that should be paid by PT. KAI which is around Rp 95,200,000,000,00 was billed to some customers. It was a mistake as based from Accounting Standard, third-party taxes cannot be inputted as asset. Besides that, there was also a depreciation cost of inventories which was not included in the report around Rp 6,000,000,000,00.

The capital support from the government which was not yet has official status around Rp 674,500,000,000,00 and government equity around Rp 70,000,000,000,00 was stated as debt, but according to Hekinus' opinion both of them should be recorded as equity. PT. KAI management itself did not have any loss reserve fund toward the possibility of uncollected third-party taxes. The controversy arisen because PT. KAI did not have a good corporate governance in their management at the year of 2005 and before that.

Regarding to this case, Hekinus Manao and the board of directors of PT. KAI in the year of 2005 can be concluded to have self-interest conflict. As they misused their authorities by manipulated the financial data of PT. KAI in the year of 2005.

4. Research Method

This study uses qualitative data analysis method. Sekaran and Bougie (2009) found that qualitative data might come from a wide variety of primary sources and/or secondary sources, such as individuals, focus groups, company records, government publications, and the internet. The author decided to use interview method in case to gain the research data from a selected audit firm. It is considered the most effective way to get reliable data as the research is about how conflict of self-interests will affect the audit quality in the fast-running and more globalized economic situations nowadays.

This research is conducted on KAP Krisnawan, Busroni, Achsin and Alamsyah in Malang, East Java, Indonesia. The study carried out during July 2015 to obtain data and information needed. The research object is about the self-interest conflict on auditors as a potential threat to the quality of audit been made. Audit firms should maintain their behaviour against self-interest conflicts that will potentially harm their audit quality. Globalization also considered as the external factor which increases the self-interest conflicts' possibility.

Researcher will collect only the primary data, which is defined as information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study (Sekaran and Bougie, 2009). In this research, the researcher will use the interview result as the only data that would be considered to the research's result analysis.

In this research, the researcher used interview as the only method. Interview is an activity to collect information and data by asking questions to relevant parties. The researcher perform structured interview, which is conducted when it is known at the outset what information is needed (Sekaran and Bougie, 2009). The researcher has a list of predetermined questions to be asked to the respondents, personally either through face-to face. That related parties are people who concerned with auditing report-making, like auditor staff, junior auditor and senior auditor. The researcher used interview method because it is considered as the only way to dig information from KAP Krisnawan, Busroni, Achsin and Alamsyah (KAP KBAA) Malang Branch more accurately regarding to self-interest conflict subject. The other method like for example questionnaire is only able to get general information from the KAP KBAA Malang Branch.

Qualitative research may involve repeated sampling, data collection, and data analysis. The analysis of qualitative data is quite hard, as if compared with quantitative data analysis, there are relatively small number of well-established and generally accepted rules and guidelines for analyzing qualitative data. Based on Miles and Huberman (1994), there are generally three steps of qualitative data analysis, those are data reduction, data display and the conclusion's drawing.

The first step in data analysis is the reduction of data through what is called as coding and categorization. Coding is the analytic process through which the qualitative data that researchers have gathered are reduced, rearranged, and integrated to form theory. It purposed to help researcher to draw meaningful conclusions about the data. Codes are labels given to units of text, which are later grouped and

turned into categories. Coding is often an iterative process, as researcher possibly has to return to their data repeatedly to increase the understanding of the data for people, such as how researcher is able to recognize patterns in the data, to discover connections between the data, and to organize the data into different categories. The next step is categorization, which is the process of organizing, arranging, and classifying coding units. Codes and categories can be developed both in inductive and deductive methods.

Conclusion drawing is the final analytical activity in the process of qualitative data analysis. It is the essence of data analysis, as researcher will answer his research questions by determining what identified themes stand for, by thinking about explanations for observed patterns and relationships, or by making contrasts and comparisons from the interview. In this minor thesis, the answer is given by one of KAP KBAA Malang branch's partner. It is necessary that the conclusions be verified in one way or another. It needs to be ensured that the conclusions are reliable and valid. Reliability in qualitative data analysis includes category and interjudge reliability.

Category reliability depends on the researcher's ability to formulate categories and present to competent judges definitions of the categories so he will agree on which items of a certain population belong in a category and which items do not. It relates to the extent to which judges are able to use category definitions to classify the qualitative data. Well-defined categories will lead to higher category reliability and eventually to higher interjudge reliability (Kassarjian, 1997). In some cases when categories are defined in a very broad manner, this situation can lead to the oversimplification of categories, which reduces the relevance of the research findings. McKellar (1949) in an attempt to classify instigations of anger distinguished between need situations and personality instigations. He defined need situations as any interference with the pursuit of a personal goal, while personality situations included the imposition of physical or mental pain or the violation of personal values, status, and possession.

Another aspect considered in a good qualitative research is validity, which means that the research results accurately represent the collected data and can be generalized or transferred to other contexts.

In this minor thesis, the researcher made the conclusion by analysing answers from KAP KBAA Malang Branch as the research subject with some relevant theories mentioned in this minor thesis' theoretical framework, such as conflict of self-interest, utility theory, globalization theory and independence and integrity.

5. Findings and Discussions

In the year of 1990, Achsin was granted a license as a public accountant from Indonesian Ministry of Finance. He joined a coop of *Koperasi Jasa Audit Soca Baskara* East Java. This office was eligible to audit all of coop in East Java. In 1995, he joined KAP Made Sudarma as the head of Surabaya branch office. In the following year, he found his own accounting KAP Achsin firm in Jakarta. Then in 2010, he worked together with Krisnawan, Busroni and Alamsyah to form KAP Krisnawan, Busroni, Achsin & Alamsyah.

KAP Krisnawan, Busroni, Achsin & Alamsyah (KAP KBAA) is a well-established accounting firm in Indonesia. They have three offices located in Jakarta, Malang and Mataram. All of the offices have the same work coverage in the whole Indonesian area. They offered services in form of auditing service and taxation consultant. Malang office branch is located in Ruko Sukarno Hatta Bisnis Center Kavling 21. It is 5 minutes-drive from Brawijaya University and around 18 minutes from Abdurrachman Scholeh Airport. Besides that, Sukarno Hatta Road itself is a famous area in Malang and considered strategic both for business and pleasure. People who intended to visit the firm office in Malang will not find any difficulties.

KAP Krisnawan, Busroni, Achsin & Alamsyah has four partners who have equal authorities in running the firm. In regard of their three offices, the Jakarta branch office is led by Krisnawan, the Malang branch office is led by Achsin and the Mataram branch office is led by Alamsyah. The head of Malang and Mataram branches are not on the respective branch office all the time as they must support the office in Jakarta periodically.

Comment [B1]: Tidak penting

Comment [B2]: Mungkin perlu tambahkan penjelasan mendetil mengenai struktur perusahaan ini, seperti jumlah auditor dan work flow perusahaan

This analysis is intended to assess and examine whether self-interest conflict as the potential threat for audit quality in the context of auditing in Malang, Indonesia. The analysis evaluates the possibility of any real influence of self-interest conflict of the auditor on the report they produce and the potential influence of globalization to audit quality.

Comment [B3]: Apa maksudnya?

1. *Analysis towards Public Accountant's Steps to Keep in Line with the Globalization Trends*

KAP KBAA Malang Branch anticipates the globalization by using IFRS and also obliged CPA title to all auditors in this association. Although, international/multinational case may seems never occur, it is eminent to prepare for any possibility given by the current growing of ASEAN free trade agreement, APEC and even G-20.

2. *Analysis towards the Self-interest Conflict Potential Effect on the Audit Quality*

The auditors who work in KAP KBAA Malang Branch avoids the potential self-interest conflicts by not attending the audit assignment which may contains possible self-interest conflict. They also implement ethical standards which guide the auditors' action in a self-interest conflict situation. Commonly, self-interest conflict is happened due to close relationship such as between the lecturer and the student, friendship relation, families and/or working relationship between auditor and their primary client. The auditor sometimes is been under pressure or in Javanese culture called as '*ewuh pakewuh*'. In this situation, the auditors feel obliged to satisfy their respective person or people who have more influence to the auditor in the past. Thus, this condition may harmed audit quality, if the involved auditor/s has/have self-interest conflict in the auditing process.

Based on the self-interest conflict theory, this kind of situation is a subjective conflict in which the auditor have emotional ties with the auditee. In either way, it could be an objective conflict if the auditor have financial ties with the auditee in doing their audit works.

The kind of self-interest conflict that could appears in commercial are bribe, commercial extortion, and gifts. Commercial bribe is a consideration given or offered to an auditor by an auditee with the understanding that, when the auditor does audit works for the firm, the auditor will deal favourably with the firm. While, commercial extortion occurs when an auditor demands a consideration from persons outside the firm as a condition for dealing favourably with those persons when the employee does audit works for the firm. In other hand, there is a situation when the auditor accepting gifts, while it is considered as unethical in auditing as it tends to give more favourable positions for the giver. Still though, if the gifts are not affected all parties' position, it will not considered as a self-interest conflict cause.

Those points of self-interest conflict above are not found in KAP KBAA Malang Branch so far until now. Despite that, the necessary thing for all of the auditor is to keep their professional behaviour while working on audit to keep the reliability of their audit quality.

Furthermore, KAP KBAA Malang Branch establishes an integrity agreement between their auditor and their client. It draws that if the client agree to be audited, they should only have auditors from KAP KBAA Malang Branch instead for a one year audit period. The kind of agreement is really necessary to avoid the firm from any bad clients which intended to harm the firm's integrity.

3. *Analysis towards Globalization Potential Effects of the Self-interest Conflict*

Globalization is not considered as the major factor that affects the rising number of self-interest conflict when it is compared to tight relationship between the auditor and auditee as the most notable factor to rise self-interest conflict number in audit report. Therefore, the public accounting firm must provide specific rule to regulate their auditors to avoid any possible self-interest conflict. However, they still need to be aware of any possibility that globalization will affects the number of self-interest conflict. Indonesian government based on the advice from Ministry of Finance had already regulated with the law no 5 year of 2011 that prohibited auditors to provide service when he/she has a kind of self-interest conflict.

4. *Analysis towards the Effectiveness of Audit Working in this Firm*

This firm has a quite wide organizational structure as it has three branches, in Jakarta, Malang and Mataram. Each branch is led by different person in the partnership. Jakarta branch is led by Krisnawan, Malang branch is led by Achsin and Mataram branch is led by Alamsyah. All

branches has the same working coverage area that is the whole Indonesian area. For example, Mataram branch could cover an audit work in Banda Aceh, Malang branch could cover an audit work in Jayapura and Jakarta could cover an audit work in Pasuruan. It may not cause any self-interest conflict until now, but it could create a potential conflict of interest as there is a possibility of lack of supervision to the auditor who works in a quite wide location from their branch office.

After some analysis toward the effectiveness of audit working in this firm, there are weakness in the organizational structure of KAP KBAA Malang Branch that are gathered from the result of interview. Therefore, researcher formulate the following suggestions to KAP KBAA as follows:

1. Suggestion towards the organizational structure

KAP KBAA already has a strong-built organizational structure as all their branches in Jakarta, Malang and Mataram which are led by different people in partnership. Jakarta branch is led by Krisnawan, Malang branch is led by Achsin and Mataram branch is led by Alamsyah. Though, the head of branches are not staying in Malang or Mataram for a long period of time as the Jakarta office still need them to support works of Jakarta office. Some suggestions toward the organizational structure that can be considered are:

- a. The head of each branch should have more time spent in his own office branch. The matters happened in Jakarta should be coordinated responsibly by the head of Jakarta branch with the other partners using electronic media, such as phone, messaging, electronic messaging or messenger services. Only if it is urgent and eminent problem that should be handled carefully, the partners should go to Jakarta either on full team or not. It will be a problem, if there is big and complicated case, for example, in Mataram, but at that moment the head of the branch is not present. It could bring harm to the firm's credibility.
- b. In regard to increase the capability of the other auditors in KAP KBAA, there must be a job rotation between the three branches. For example, an auditor from Malang should be rotated to Mataram within 2 years and then to Jakarta after the same period, before going back to Malang or staying in Jakarta. This action is necessary to avoid from either subjective or objective conflict of interest that may occurs if the auditor work in certain city on too long period and also increase working experience in different areas to the auditor.

Comment [B4]: Penjelasan kurang

2. Suggestions toward the work areas

KAP KBAA have three branches in Malang, Jakarta and Mataram. Those branches have same work areas which covered the whole Indonesian area. For example, Malang office can covers audit works in Sorong, Mataram office can covers audit works in Medan and Jakarta office can covers audit works in Sumbawa. Some suggestions toward the work areas that considered should be fixed are:

- a. The current work areas for each branch is too wide as they all can cover the audit works from all around Indonesia. It possibly reduces the working effectiveness of each branch. The KAP's leadership should consider to separate the work areas among the three branches. Author suggests that Jakarta branch covers the whole Sumatera island including small island around it such as Riau Islands, Natuna Islands, Bangka and Belitung, etc. The Java branch covers Banten, Jakarta and West Java, and then the whole Kalimantan Island. Malang branch covers Central Java, DI Yogyakarta, East Java, the whole Sulawesi Island and Bali Island. The last for Mataram branch, the coverage will be around NTB, NTT, Maluku Islands and Papua. The author believes that with this change of work areas, KAP KBAA audit job will be more effectively and able to reduce the coverage cost between each branch office. Unless, there is a special request from the auditee to be audited only by some certain auditors from KAP KBAA.
- b. For audit assistance fulfilment, the researcher suggests that the branch which needs assistance may borrow some personnel from the closest branch. For example, Jakarta branch need assistance in an audit work on Subang, West Java. In regard to that, Jakarta branch should call for borrow some personnel from Malang branch instead.

6. Conclusion and Recommendations

Based on the analysis on the previous chapter, this study reaches some conclusions.

1. Anticipating globalization era, every accounting firm adopts IFRS standards as has been done by KAP KBAA Malang Branch.
2. Self-interest conflict happened if there is the relationship between auditor and clients such as between the lecturer and the student, or friendship relation and families. This situation may trigger subjective conflicts, and/or objective conflicts. The auditor sometimes is under pressured and obliged to satisfy their respective person or people who have more influence to the auditor in the past. Audit quality will be harmed if the involved auditor/s has/have self-interest conflict in the reporting process.
3. Close relationship between the auditor and auditee is the influential factor to trigger self-interest conflict in audit report. In other words, either objective or subjective conflicts are considered as the most common conflict of interest in the auditing process influencing audit quality.
4. Any accounting firm must have strong organizational structure to compete in the business. KAP KBAA already has three branches, in Jakarta, Malang and Mataram. Each branch is led by different person in the partnership. The weakness of this firm branch is that all branches have similar work coverage.

Based on the analysis in the previous chapter and conclusions above, there are some recommendations proposed to KAP KBAA:

1. In order to strengthen the organizational structure, the head of each branch should have more time spent in his own office branch. The matters happened in Jakarta should be coordinated responsibly by the head of Jakarta branch with the other partners using electronic media. Unless it is really a big problem that should be handled carefully with the whole partnership. It is necessary to maintain the firm's credibility in front of their clients.
2. It is important to have job rotation between the auditors from three branches as it will add various working experience in different areas to the auditor and avoid potential threat from either objective or subjective conflicts that may occurs if the auditor work in certain city on too long period.
3. KAP KBAA should consider to separate the work areas between the three branches. The Jakarta branch covers the whole Sumatera islands including small islands around such as Riau Islands, Natuna Islands, Bangka and Belitung, etc. In Java, this branch covers Banten, Jakarta and West Java, and the whole Borneo. The Malang branch covers Central Java, DI Yogyakarta, East Java, the whole Celebes Island and Bali Island. The Mataram Branch covers NTB, NTT, Maluku Islands and Papua. This strategy may increase the effectiveness and efficiency of their audit work as many costs will be reduced.
4. In several cases in which audit assistance is needed, each branch may borrow auditor from other branches based on the closest audit location. For example, Mataram Branch need audit assistance on Kupang. They may contact Malang Branch to borrow some of their auditor. If they borrow auditor from Jakarta branch, it will costs too much and may not be effective and efficient.
5. In special case, it is allowed for KAP KBAA to had their partners or auditors work based on special request from their clients as long as the partners believe and is sure if there is no self-interest conflict that may inflicts in the audit process and the result itself.

In regard to this research, there were some limitations has been found as follows:

1. Some questions in the research are not answered clearly considering that it will potentially blame the firm's reputation.
2. For the next research with subject of the influence from self-interest conflict to audit quality, the next researcher have to meet an audit firm which is more open to give relevant information as the current researcher feel this research is not conclusive enough based from the information given by the audit firm been interviewed.

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