ABSTRACT

This study aims to examine the influence of audit fee and political connections as independent variables on audit quality as the dependent variable, with the effectiveness of the audit committee serving as a moderating variable.

This research employs a quantitative approach using secondary data obtained from the annual reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the observation period of 2019–2023. The study population consists of 195 manufacturing companies, with samples selected through purposive sampling. The analytical method used is logistic regression with SPSS version 26.

The results indicate that, partially, audit fee has a significant positive effect on audit quality, while political connections have a significant negative effect on audit quality. Furthermore, the interaction between audit fee and audit committee effectiveness shows a significant positive effect, indicating that an effective audit committee can strengthen the positive influence of audit fees on audit quality. On the other hand, the interaction between political connections and audit committee effectiveness also shows a significant effect but in a negative direction, indicating that the effectiveness of the audit committee can weaken the negative influence of political connections on audit quality. Thus, the moderating role of audit committee effectiveness is proven to both strengthen and weaken the relationship between the independent variables and audit quality.

Keywords: Audit fee, Political Connections, Audit Quality, Audit Committee Effectiveness