

**DOI:** <https://doi.org/10.57125/FEL.2026.09.25.05>

**How to cite:** Kencana, T., Tan, A., & Amalia, F. (2026). Materiality judgment and audit evidence in audit opinion accuracy: Evidence from public accounting firms in Sumatra, Indonesia. *Futurity Economics&Law*, 6(3), 91–105. <https://doi.org/10.57125/FEL.2026.09.25.05>

## **Materiality Judgment and Audit Evidence in Audit Opinion Accuracy: Evidence from Public Accounting Firms in Sumatra, Indonesia**

**Tantri Kencana\***

Public Accountant, Public Accounting Firm in Sumatra, Indonesia,  
<https://orcid.org/0009-0002-9497-8503>

**Andreas Tan**

Professor of Auditing, Lecturer, Faculty of Economics and Business, Department of Accounting,  
University of Riau, Indonesia, <https://orcid.org/0000-0002-6196-2663>

**Firda Amalia**

Bachelor of Accounting, Faculty of Economics and Business, University of Riau, Indonesia,  
<https://orcid.org/0009-0000-2399-2231>

**\*Corresponding author:** [tantri.kencanaaa@gmail.com](mailto:tantri.kencanaaa@gmail.com).

**Received:** May 7, 2026 | **Accepted:** August 17, 2026 | **Available online:** September 8, 2026

**Abstract:** Accurate audit opinions underpin the credibility of financial reporting, reducing information uncertainty and providing a reliable basis for stakeholder decision-making. Yet the extent to which core audit inputs jointly shape opinion accuracy remains under-examined in emerging-market settings. Drawing on the Audit Risk Model, bounded rationality theory, and behavioural decision-making theory, this study examines whether materiality judgment and audit evidence are associated with audit opinion accuracy, and whether audit evidence moderates the relationship between materiality judgment and opinion accuracy. Survey data were collected from 178 auditors across 81 public accounting firms in Sumatra, Indonesia, yielding a response rate of 73.25%, and analysed using multiple regression followed by moderated regression analysis. The results show that both materiality judgment ( $B = 0.238$ ,  $p < .001$ ) and audit evidence ( $B = 0.442$ ,  $p < .001$ ) are positively and significantly associated with audit opinion

accuracy, together explaining 23.8% of its variance (adjusted  $R^2 = 0.238$ ). Audit evidence emerged as the stronger predictor. The moderation analysis, however, was not significant ( $\beta = 0.026$ ,  $p = .160$ ), indicating that materiality judgment and audit evidence contribute independently rather than interactively. The study contributes emerging-market evidence that these two audit inputs operate as distinct, additive determinants of opinion accuracy rather than as a combined mechanism. The findings offer practical guidance for public accounting firms and audit-oversight bodies seeking to strengthen audit quality through materiality judgment and audit evidence evaluation.

**Keywords:** materiality judgment, audit evidence, audit opinion accuracy, public accounting firms.

## Introduction

As financial reporting practices become increasingly sophisticated, auditors' ability to issue appropriate audit opinions has grown more significant. A well-founded audit opinion enhances the reliability of financial statements and reduces information asymmetry between companies and external stakeholders, thereby supporting informed economic decisions (DeFond & Zhang, 2014; Christensen et al., 2016). In contrast, errors in issuing audit opinions may impair the credibility of audited financial statements, increase auditors' exposure to litigation and regulatory sanctions, and ultimately diminish confidence in the auditing profession (Francis, 2011). Beyond the immediate professional consequences, inaccurate audit opinions may also have economic consequences. If an opinion does not reflect the financial statements, users may face greater uncertainty when assessing financial information. This can affect investment decisions and capital allocation, especially in emerging markets where confidence in financial reporting is important.

This issue is particularly relevant in Indonesia, where auditors must exercise professional judgment in determining materiality and obtain sufficient appropriate audit evidence to form audit opinions in accordance with applicable auditing standards. In practice, however, these requirements can be challenging, particularly when auditors assess the significance of misstatements and determine whether the evidence gathered provides an adequate basis for their conclusions (Quick et al., 2023; Simon, 1955; Trotman et al., 2011). Financial reporting irregularities involving companies such as Garuda Indonesia and SNP Finance further illustrate the importance of materiality judgments and evaluating audit evidence to support appropriate audit opinions. These cases therefore highlight the importance of examining the factors that may affect audit opinion accuracy, particularly auditors' materiality judgments and their evaluation of audit evidence.

Audit opinion accuracy also depends on the regulatory setting in which audits are performed. Public oversight, professional inspections, and the application of international auditing standards provide a framework for auditors' work. Examining factors associated with accurate audit opinions is therefore relevant to efforts to strengthen compliance with auditing standards and the reliability of financial reporting (Choudhary et al., 2019; Chung et al., 2021).

Within the auditing process, materiality judgment and audit evidence are fundamental determinants of audit opinion accuracy (IAASB, 2018a, 2018b; Arens et al., 2023). Materiality judgment enables auditors to assess the significance of identified misstatements. At the same time, audit evidence provides the basis for determining whether sufficient and appropriate evidence has been obtained to support the audit opinion. The process of collecting audit evidence is also important, as structured audit programs can help auditors collect evidence more effectively (Hammersley & Ricci, 2021). However, collecting evidence is not sufficient if auditors do not properly evaluate the information obtained. Experimental evidence shows that auditors may not always fully consider evidence that contradicts management's assumptions, which can affect their judgments (Austin et al., 2020). Together, these two elements play a central role in ensuring that audit opinions accurately reflect the underlying financial reporting conditions.

Drawing on the Audit Risk Model, bounded rationality theory, and behavioural decision-making theory, this study examines the effects of materiality judgment and audit evidence on audit opinion accuracy (Knechel & Salterio, 2016; Simon, 1955; Trotman et al., 2011). The study further considers the potential moderating role of audit evidence in the relationship between materiality judgment and audit opinion accuracy.

### ***Research Problem***

Despite the recognised importance of materiality judgment and audit evidence in auditing standards and professional practice, empirical evidence regarding their influence on audit opinion accuracy remains limited (Knechel et al., 2013; Christensen et al., 2022; Francis, 2024). Previous studies have generally examined these factors separately or focused on other audit outcomes, with relatively few studies investigating their combined contribution to audit opinion accuracy using survey data from practising auditors (DeZoort et al., 2023; Goh et al., 2023; Huang et al., 2024).

### ***Research Aim and Research Questions***

#### ***Research Aim***

This study examines the effects of materiality judgment and audit evidence on audit opinion accuracy among auditors working at Public Accounting Firms in Sumatra, Indonesia. An additional analysis examines whether audit evidence moderates the relationship between materiality judgment and audit opinion accuracy.

#### ***Research Questions***

##### ***Main Research Questions***

RQ1: Is materiality judgment significantly related to audit opinion accuracy?

RQ2: Is audit evidence significantly related to audit opinion accuracy?

##### ***Additional Research Question***

RQ3: Does audit evidence moderate the relationship between materiality judgment and audit opinion accuracy?

### ***Literature review***

#### ***Theoretical Literature Review***

##### ***Audit Risk Model***

The Audit Risk Model requires auditors to consider inherent risk, control risk, and detection risk when assessing overall audit risk and determining the nature and extent of audit evidence needed (Arens et al., 2023; Knechel & Salterio, 2016). In current auditing practice, these risk assessments may also be influenced by inspection requirements and regulatory considerations, which can affect how auditors plan and perform audit procedures (Detzen et al., 2024). Regulatory oversight, including audit inspections and other forms of professional review, encourages auditors to apply professional standards consistently and to adequately document their materiality judgments and audit evidence. Such oversight may reduce the likelihood of inappropriate audit opinions and strengthen confidence in audited financial statements. Within this framework, materiality judgment provides a basis for determining the level of misstatement considered acceptable when forming an audit opinion. However, a higher materiality threshold may increase the possibility that significant misstatements remain undetected (Knechel et al., 2013; Goh et al., 2023). Auditors therefore need to exercise careful judgment when establishing materiality thresholds and designing audit procedures to obtain sufficient and appropriate evidence and reduce the risk of material misstatement.

## ***Bounded Rationality Theory***

Bounded Rationality Theory, developed by Herbert Simon, recognises that decision makers, including auditors, face limitations in information, time, and cognitive capacity (Simon, 1955). As a result, audit decisions such as setting materiality levels and assessing audit evidence may be based on the information and resources available at the time rather than on fully optimal choices (Trotman et al., 2011). This perspective helps explain why the information available to auditors can affect their materiality judgments and audit opinions.

## ***Behavioural Decision-Making Theory***

Behavioural decision-making theory suggests that psychological factors and audit-environment conditions affect auditors' judgments. These factors influence how auditors process and evaluate information when making audit judgments (Friska & Agustia, 2025). Sufficient and appropriate audit evidence can support these judgments, whereas limited or ambiguous evidence may increase uncertainty (Chung & Monroe, 2001; Messier & Schmidt, 2018).

## ***Empirical Literature Review***

### ***Materiality Judgment and Audit Opinion Accuracy***

Materiality judgment is important in evaluating whether identified misstatements are significant enough to affect users' decisions (Dwyer et al., 2022; de Inés Antón et al., 2025). Under ISA 320, materiality provides a basis for assessing the significance of misstatements and reaching appropriate audit conclusions (IAASB, 2018). Because this assessment depends on the entity's circumstances and the nature of the misstatement, auditors may reach different materiality judgments in similar situations (Huang et al., 2024; Ostapenko, 2024; Hasan et al., 2021).

Prior studies suggest that materiality judgment is central to how auditors assess financial statement misstatements and decide how to report them (Christensen et al., 2022; DeZoort et al., 2023). In making such judgments, auditors consider both the quantitative magnitude and qualitative characteristics of a misstatement when assessing whether it could affect the fairness of financial statement presentation. Consequently, differences in auditors' materiality judgments can lead to different assessments of misstatement significance and, ultimately, different conclusions about the appropriateness of financial statement reporting.

The auditing literature also recognises materiality judgment as an important part of the audit decision-making process, as it helps auditors assess the significance of identified misstatements and decide on an appropriate audit response (Baldauf et al., 2015; Houghton et al., 2011; Goh et al., 2023; Zhu et al., 2024). Because audit opinions ultimately reflect auditors' assessments of whether identified misstatements are material to the financial statements, materiality judgment is expected to affect the accuracy of audit opinion issuance. When auditors make appropriate materiality judgments, their reporting decisions are more likely to reflect the underlying condition of the financial statements, which can contribute to more accurate audit opinions (Christensen et al., 2022; DeZoort et al., 2023; Baldauf et al., 2015). Accordingly, the first hypothesis is formulated as follows:

H<sub>1</sub>: Materiality judgment is positively associated with audit opinion accuracy

### ***Audit Evidence and Audit Opinion Accuracy***

Audit evidence provides the basis for evaluating whether financial statements contain material misstatements and for forming an audit opinion. When evidence is sufficient and appropriate, auditors have a stronger basis for evaluating the financial statements and reaching their conclusions. It can also reduce uncertainty when auditors assess whether the opinion is consistent with the audit findings.

Prior research also emphasises the role of audit evidence in supporting auditors' conclusions and audit opinions (Knechel et al., 2013; Enofe et al., 2013; Christensen et al., 2022; Francis, 2024). Sufficient

evidence helps auditors assess financial statement assertions and determine whether to modify an opinion. Thus, the sufficiency and appropriateness of the evidence obtained are directly relevant to the accuracy of audit opinions.

Audit evidence matters not only because of the information it provides but also because of how auditors obtain and process it. Experimental evidence indicates that the process of seeking audit evidence can influence auditors' subsequent judgments. Kachelmeier and Rimkus (2022) found that auditors who actively sought evidence made smaller audit adjustments in response to identified risks than those who received the same evidence without actively seeking it. This finding suggests that the way auditors obtain evidence may affect how they interpret and respond to information when making audit decisions.

Sufficient and appropriate audit evidence may also improve the credibility of financial reporting by giving users a more reliable basis for their decisions. In this way, audit evidence can help reduce uncertainty about the information presented in financial statements. Based on this relationship, audit evidence is expected to be positively associated with audit opinion accuracy. Accordingly, the second hypothesis is formulated as follows:

H<sub>2</sub>: Audit evidence is positively associated with audit opinion accuracy.

To provide further insight into the main analysis, this study also examines whether audit evidence moderates the relationship between materiality judgment and audit opinion accuracy. This analysis complements the main findings rather than testing a separate theoretical prediction. Therefore, this study proposes no formal hypothesis for this relationship.

## **Materials and Methods**

### ***Research Approach***

This study uses a quantitative approach and an explanatory research design to examine the relationships between materiality judgment, audit evidence, and audit opinion accuracy. The study focuses on auditors employed by Public Accounting Firms (KAP) in the Sumatra region that are listed in the directory of the Indonesian Institute of Certified Public Accountants (IAPI). Accordingly, the population comprises auditors working at public accounting firms operating in Sumatra.

This study uses purposive sampling to select respondents based on their audit positions. The respondents include partners, managers, senior auditors, and junior auditors. In total, 243 questionnaires were distributed, and 178 usable questionnaires were returned, giving a response rate of 73.25%. The final sample therefore comprised 178 auditors from 81 public accounting firms located in several cities in Sumatra.

### ***Operational Definition of Variables and Measurement***

The dependent variable in this study is the accuracy of audit opinion issuance, defined as the degree of conformity between the auditor's opinion and the actual condition of the financial statements based on the audit results. The indicators of this variable include: (1) conformity of the audit opinion with the condition of the financial statements, (2) accuracy in determining the type of audit opinion, (3) consistency between the opinion issued and the level of materiality, (4) conformity of the opinion with audit findings, (5) clarity and accuracy in presenting the opinion within the auditor's report, (6) and the auditor's decision accuracy under conditions of uncertainty.

The first independent variable is materiality judgment, defined as the auditor's professional assessment of the significance of a misstatement in financial statements that may influence users' decisions. The indicators of this variable include: (1) determination of materiality thresholds, (2) evaluation of the impact of misstatements on financial statements, (3) consideration of qualitative aspects in materiality assessment, (4) adjustment of materiality based on the risk of misstatement, (5) adjustment of materiality according to the entity's financial and operational conditions, (6) and consistency of materiality judgment throughout the audit process.

The second independent variable is audit evidence, defined as information auditors obtain and evaluate through audit procedures. This evidence provides the basis for auditors to reach audit conclusions and determine the appropriate audit opinion. Consistent with ISA 500, audit evidence should be both sufficient in quantity and appropriate in quality to support auditors' professional judgments. This variable is measured using five indicators, represented by ten questionnaire items: (1) relevance of audit evidence to audit objectives, (2) sufficiency of audit evidence obtained, (3) reliability of audit evidence sources, (4) appropriateness of audit procedures used to obtain evidence, and (5) adequacy of audit evidence in supporting audit opinions.

All variables were measured using an ordinal (Likert-scale) measurement approach based on questionnaires developed from the aforementioned indicators, as presented in Table 1 below.

**Table 1**

*Operational Definition Matrix of Research Variables*

| Variables                              | Operational Definition                                                                                                                                                                                  | Indicators                                                                                                                                                                                                                                                                                                                                                                                                 | Items                                                                                                   | Reference                             |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------|
| Accuracy of Audit Opinion Issuance (Y) | The accuracy of audit opinion issuance refers to the degree of conformity between the auditor's opinion and the actual condition of the financial statements based on the audit results.                | <ul style="list-style-type: none"> <li>• Appropriateness of the audit opinion</li> <li>• Accuracy in determining the audit opinion type</li> <li>• Consistency between materiality and audit opinion</li> <li>• Alignment of the audit opinion with audit findings</li> <li>• Clarity of opinion presentation in the auditor's report</li> <li>• Accuracy of auditor judgment under uncertainty</li> </ul> | AOA1, AOA2<br><br>AOA3, AOA4<br><br>AOA5, AOA6<br><br>AOA7, AOA8<br><br>AOA9, AOA10<br><br>AOA11, AOA12 | (IAASB, ISA 700; Arens et al., 2023)  |
| Materiality Judgment (X1)              | Materiality judgment refers to the level of professional assessment exercised by auditors in determining the significance of a misstatement in financial statements that may influence users' decisions | <ul style="list-style-type: none"> <li>• Determination of materiality thresholds</li> <li>• Evaluation of misstatement impacts</li> <li>• Consideration of qualitative materiality aspects</li> <li>• Adjustment of materiality based on misstatement risk</li> <li>• Adjustment of materiality to entity conditions</li> <li>• Consistency of materiality judgments during the audit process</li> </ul>   | MJ1, MJ2<br><br>MJ3, MJ4<br><br>MJ5<br><br>MJ6, MJ7<br><br>MJ8<br><br>MJ9, MJ10, MJ11                   | (IAASB, ISA 320; Arens et al., 2023). |
| Audit Evidence (X2)                    | Audit evidence refers to the sufficiency and appropriateness of information obtained by                                                                                                                 | <ul style="list-style-type: none"> <li>• Relevance of audit evidence to audit objectives</li> </ul>                                                                                                                                                                                                                                                                                                        | AE1, AE2                                                                                                | (IAASB, ISA 500; Arens et al., 2023)  |

|  |                                                                                                          |                                                                                                                                                                                                                                                                                                                |                                                           |  |
|--|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--|
|  | auditors through audit procedures to support the basis for expressing an opinion on financial statements | <ul style="list-style-type: none"> <li>• Sufficiency of the quantity of audit evidence obtained</li> <li>• Reliability of the source of audit evidence</li> <li>• Appropriateness of procedures used to obtain audit evidence</li> <li>• Adequacy of audit evidence in supporting the audit opinion</li> </ul> | AE3, AE4<br><br>AE5, AE6<br><br>AE7, AE8<br><br>AE9, AE10 |  |
|--|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--|

Source: related journal references

## Data analysis techniques

Data analysis was conducted in several stages. Descriptive statistics were first used to summarise the research data using the minimum, maximum, mean, and standard deviation. The quality of the research instruments was then assessed through validity and reliability tests. All variables were measured using multiple five-point Likert-scale items. For the analysis, responses for each variable were combined into an overall score and treated as interval-level data. This approach was considered appropriate because the items were designed to measure the same variable, allowing the combined scores to represent each variable more consistently. The data were then analysed using SPSS through regression analysis after the required assumption tests were conducted.

## Research Model Specification

The main effect regression model was used to test the proposed hypotheses. An interaction effect model was also estimated to assess whether the interaction terms provide additional explanatory information beyond the direct effects included in the main model.

### Main Effect Model

The main effect regression model examines the direct effects of materiality judgment and audit evidence on audit opinion accuracy. The model specification is formulated as follows:

$$AOA = \alpha + \beta_1 MJ + \beta_2 AE + \varepsilon$$

where:

AOA = Audit Opinion Accuracy

MJ = Materiality Judgment

AE = Audit Evidence

$\alpha$  = Constant

$\beta_1, \beta_2$  = Regression coefficient

$\varepsilon$  = Error term

### Interaction Effect Model (Additional Analysis)

The interaction effect model is also estimated to examine whether audit evidence moderates the relationship between materiality judgment and audit opinion accuracy. The moderated regression model is specified as follows:

$$AOA = \alpha + \beta_1 MJ + \beta_2 AE + \beta_3 (MJ \times AE) + \varepsilon$$

where:

AOA = Audit Opinion Accuracy

MJ = Materiality judgment

AE = Audit evidence

MJ  $\times$  AE = Interaction between materiality judgment and audit evidence

$\alpha$  = Constant

$\beta_1, \beta_2, \beta_3$  = Regression coefficients

$\varepsilon$  = Error term

### ***Validity and Reliability Testing***

Construct tested construct validity using the Pearson product-moment correlation. The correlation between each questionnaire item and the total score of its corresponding construct. An item was considered valid if its correlation coefficient was higher than the critical r-value at the 5% significance level. Reliability testing was then performed to assess the instrument's internal consistency, particularly whether items measuring the same variable produced consistent results. Cronbach's Alpha was used to assess reliability. A variable was considered reliable when its Cronbach's Alpha value was  $\geq 0.60$ . The reliability analysis produced Cronbach's Alpha values of 0.706 for Materiality Judgment, 0.664 for Audit Evidence, and 0.621 for Audit Opinion Accuracy. All three constructs therefore met the reliability criterion. A higher alpha value indicates stronger internal consistency among the items used to measure the construct.

## **Results**

### ***Respondent Characteristics***

The study involved 178 auditors from public accounting firms in Sumatra, Indonesia. Table 2 shows that most respondents were aged 25–45 years (76.97%), followed by respondents aged 46 years and above (20.22%), while respondents below 25 years accounted for 2.81% of the sample.

**Table 2**

*Respondent Characteristics Based on Age*

| No    | Age (Years) | Total | Percentage |
|-------|-------------|-------|------------|
| 1     | <25 years   | 5     | 2.81%      |
| 2     | 25-45 years | 137   | 76.97%     |
| 3     | >46 years   | 36    | 20.22%     |
| Total |             | 178   | 100.00%    |

Source: Processed Data

Table 3 indicates that the sample consisted of 98 male auditors (55.06%) and 80 female auditors (44.94%).

**Table 3**

*Respondent Characteristics Based on Gender*

| No    | Gender | Total | Percentage |
|-------|--------|-------|------------|
| 1     | Male   | 98    | 55.06%     |
| 2     | Female | 80    | 44.94%     |
| Total |        | 178   | 100.00%    |

Source: Processed Data

Regarding length of service, Table 4 shows that 69.10% of respondents had 3–5 years of audit experience, 20.22% had 6–10 years, and 10.68% had more than 10 years of experience.

**Table 4***Respondent Characteristics Based on Length of Service*

| No    | Length of Service | Total | Percentage |
|-------|-------------------|-------|------------|
| 1     | 3-5 years         | 123   | 69.10%     |
| 2     | 6-10 years        | 36    | 20.22%     |
| 3     | >10 years         | 19    | 10.68%     |
| Total |                   | 178   | 100.00%    |

Source: Processed Data

Table 5 shows that senior auditors represented the largest group of respondents (84.83%), followed by partners (10.11%) and junior auditors (5.06%).

**Table 5***Respondent Characteristics Based on Position*

| No    | Position       | Total | Percentage |
|-------|----------------|-------|------------|
| 1     | Partner        | 18    | 10.11%     |
| 2     | Senior Auditor | 151   | 84.83%     |
| 3     | Junior Auditor | 9     | 5.06%      |
| Total |                | 178   | 100.00%    |

Source: Processed Data

**Descriptive Statistics**

Table 6 presents the descriptive statistics for the three study variables based on 178 observations. Materiality judgment had a mean of 48.15 (SD = 4.013), while audit evidence had a mean of 44.00 (SD = 3.068). Audit opinion accuracy had a mean of 53.36 (SD = 3.569).

**Table 6***Descriptive Statistics*

| Descriptive Statistics |     |     |     |       |          |
|------------------------|-----|-----|-----|-------|----------|
|                        | N   | Min | Max | Mean  | Std. Dev |
| Materiality Judgment   | 178 | 36  | 55  | 48.15 | 4.013    |
| Audit Evidence         | 178 | 33  | 50  | 44.00 | 3.068    |
| Audit Opinion Accuracy | 178 | 41  | 60  | 53.36 | 3.569    |
| Valid N (listwise)     | 178 |     |     |       |          |

Source: Processed Data

**Validity Test Results**

The validity test results in Table 7 show that all questionnaire items had r-count values above the critical r-table value of 0.138. The item correlations ranged from 0.192 to 0.565 for materiality judgment, 0.251 to 0.451 for audit evidence, and 0.214 to 0.430 for audit opinion accuracy. Accordingly, all items were retained for subsequent analysis.

**Table 7***Validity Test Results*

| Variable                  | Statement | r-count | r-table | Decision |
|---------------------------|-----------|---------|---------|----------|
| Materiality Judgment (X1) | X1.1      | 0.390   | 0.138   | Valid    |
|                           | X1.2      | 0.192   | 0.138   | Valid    |
|                           | X1.3      | 0.565   | 0.138   | Valid    |
|                           | X1.4      | 0.377   | 0.138   | Valid    |
|                           | X1.5      | 0.295   | 0.138   | Valid    |
|                           | X1.6      | 0.565   | 0.138   | Valid    |

|                            |       |       |       |       |
|----------------------------|-------|-------|-------|-------|
|                            | X1 7  | 0.565 | 0.138 | Valid |
|                            | X1 8  | 0.192 | 0.138 | Valid |
|                            | X1 9  | 0.265 | 0.138 | Valid |
|                            | X1 10 | 0.565 | 0.138 | Valid |
|                            | X1 11 | 0.296 | 0.138 | Valid |
| Audit Evidence (X2)        | X2 1  | 0.409 | 0.138 | Valid |
|                            | X2 2  | 0.331 | 0.138 | Valid |
|                            | X2 3  | 0.451 | 0.138 | Valid |
|                            | X2 4  | 0.331 | 0.138 | Valid |
|                            | X2 5  | 0.251 | 0.138 | Valid |
|                            | X2 6  | 0.373 | 0.138 | Valid |
|                            | X2 7  | 0.292 | 0.138 | Valid |
|                            | X2 8  | 0.270 | 0.138 | Valid |
|                            | X2 9  | 0.331 | 0.138 | Valid |
|                            | X2 10 | 0.260 | 0.138 | Valid |
| Audit Opinion Accuracy (Y) | Y 1   | 0.415 | 0.138 | Valid |
|                            | Y 2   | 0.414 | 0.138 | Valid |
|                            | Y 3   | 0.297 | 0.138 | Valid |
|                            | Y 4   | 0.214 | 0.138 | Valid |
|                            | Y 5   | 0.411 | 0.138 | Valid |
|                            | Y 6   | 0.430 | 0.138 | Valid |
|                            | Y 7   | 0.415 | 0.138 | Valid |
|                            | Y 8   | 0.414 | 0.138 | Valid |
|                            | Y 9   | 0.415 | 0.138 | Valid |
|                            | Y 10  | 0.222 | 0.138 | Valid |
|                            | Y 11  | 0.329 | 0.138 | Valid |
|                            | Y 12  | 0.414 | 0.138 | Valid |

Source: Processed Data

### **Reliability Test Results**

The reliability test presented in Table 8 produced Cronbach's Alpha values of 0.706 for materiality judgment, 0.664 for audit evidence, and 0.621 for audit opinion accuracy. All values exceeded the 0.60 criterion.

**Table 8**

#### *Reliability Test Results*

| Variable                     | Cronbach's | No of Item | Description |
|------------------------------|------------|------------|-------------|
| Materiality Judgment (MJ)    | 0,706      | 11         | Reliable.   |
| Audit Evidence (AE)          | 0,664      | 10         | Reliable.   |
| Audit Opinion Accuracy (AOA) | 0,621      | 12         | Reliable.   |

Source: Processed Data

### **Classical Assumption Test Results**

#### *Normality Test Results*

The Kolmogorov–Smirnov test, as presented in Table 9, produced an Asymp. Sig. (2-tailed) value of 0.057, which exceeds the 0.05 significance level.

**Table 9**

#### *Normality Test Results*

| Description            | Value                       |
|------------------------|-----------------------------|
| Asymp. Sig. (2-tailed) | 0.057                       |
| Significance level     | 0.05                        |
| Conclusion             | Normal distribution of data |

Source: Processed Data

The multicollinearity test in Table 10 produced tolerance values of 0.978 and VIF values of 1.023 for both independent variables.

**Table 10**

*Multicollinearity Test Results*

| Variable             | Tolerance | VIF   | Description.                |
|----------------------|-----------|-------|-----------------------------|
| Materiality Judgment | 0.978     | 1.023 | Free from multicollinearity |
| Audit Evidence       | 0.978     | 1.023 | Free from multicollinearity |

Source: Processed Data

The heteroscedasticity test based on the residual scatterplot showed that the residuals were distributed around the zero line without a clear systematic pattern.

**Multiple Regression Analysis Results**

Table 11 presents the multiple regression results. Materiality judgment had a coefficient of 0.238 with a t-statistic of 4.036 ( $B = 0.238$ ;  $t = 4.036$ ) and a significance value of 0.000. Audit evidence had a coefficient of 0.442 ( $B = 0.442$ ;  $t = 5.727$ ) and a significance value of 0.000.

**Table 11**

*Multiple Linear Regression Results*

| Variable                  | B      | t-stat | sig   |
|---------------------------|--------|--------|-------|
| Constant                  | 22.437 | 5.467  | 0.000 |
| Materiality Judgment (X1) | 0.238  | 4.036  | 0.000 |
| Audit Evidence (X2)       | 0.442  | 5.727  | 0.000 |

Source: Processed Data

Based on the results in Table 11, the regression model can be expressed as follows:

$$AOA = 22.437 + 0.238MJ + 0.442AE + \varepsilon$$

The constant of 22.437 represents the intercept in the main-effects regression model, which includes materiality judgment and audit evidence as the independent variables. In the moderated regression analysis presented in Table 5.3, the intercept is 75.992 because this model is estimated separately and also includes the interaction term between materiality judgment and audit evidence ( $MJ \times AE$ ). Therefore, the difference between the two intercepts reflects the different model specifications and does not indicate any inconsistency in the results.

As shown in Table 12, the adjusted  $R^2$  of 0.238 indicates that materiality judgment and audit evidence account for 23.8% of the variation in audit opinion accuracy. The remaining variation may be related to factors outside the model. Thus, the two variables are relevant to audit opinion accuracy, but they do not explain all of the variation in the dependent variable.

**Table 12**

*Coefficient of Determination*

| Model | R     | $R^2$ | Adjusted $R^2$ |
|-------|-------|-------|----------------|
| 1     | 0.496 | 0.247 | 0.238          |

Source: Processed Data

## Additional Analysis Results

Table 13 presents the results of the exploratory moderation analysis. The interaction between materiality judgment and audit evidence ( $MJ \times AE$ ) has a coefficient of 0.026 with a significance value of 0.160. Since the significance value is above 0.05, the interaction is not statistically significant. This means that the results do not support the role of audit evidence as a moderator of the relationship between materiality judgment and audit opinion accuracy.

**Table 13**

### *Moderated Regression Analysis Results*

| Variable                  | B      | t     | Sig   |
|---------------------------|--------|-------|-------|
| Constant                  | 75.992 | 1.993 | 0.048 |
| Materiality Judgment (X1) | 0.900  | 2.114 | 0.037 |
| Audit Evidence (X2)       | 0.781  | 2.898 | 0.013 |
| MJ*AE                     | 0.026  | 1.413 | 0.160 |

Source: Processed Data

## Discussion

### ***Materiality Judgment and Audit Opinion Accuracy***

The results show that materiality judgment is positively associated with audit opinion accuracy, with a coefficient of 0.238 and a significance value of 0.000. This result indicates that materiality judgment is relevant to audit opinion accuracy. In determining an audit opinion, auditors assess whether identified misstatements are material and whether they should be reflected in the opinion. The finding is consistent with the use of materiality in evaluating identified misstatements and determining the appropriate audit opinion.

### ***Audit Evidence and Audit Opinion Accuracy***

Audit evidence is positively and significantly associated with audit opinion accuracy, with a coefficient of 0.442 and a significance value of 0.000. This finding indicates that the audit evidence obtained and evaluated by auditors is associated with audit opinion accuracy. Audit evidence provides a basis for evaluating financial statement assertions and supporting the auditor's conclusion when determining the audit opinion.

### ***The Moderating Role of Audit Evidence***

The exploratory moderation analysis shows that the interaction between materiality judgment and audit evidence is not statistically significant ( $\beta = 0.026$ ;  $p = 0.160$ ). Thus, the association between materiality judgment and audit opinion accuracy does not significantly vary with audit evidence. This result does not support a moderating effect of audit evidence on the relationship between materiality judgment and audit opinion accuracy. From the perspective of Bounded Rationality Theory, the finding can be viewed as auditors making judgments based on the information available when determining an audit opinion.

## Conclusion

This study finds that materiality judgment and audit evidence are positively associated with audit opinion accuracy, whereas their interaction is not significant. Thus, both factors are individually associated with audit opinion accuracy, but their combination does not appear to strengthen this relationship. This result is relevant to the reliability of financial information because financial statement users rely on audit opinions to assess reported financial information. From a regulatory and oversight perspective, the findings also draw attention to how materiality judgments are applied and supported and how audit evidence is obtained and evaluated.

For public accounting firms, the results suggest that training and review should address materiality judgment and audit evidence separately. Materiality judgment needs to be properly supported, while audit evidence needs to be assessed for its sufficiency and appropriateness in supporting audit conclusions. Since the interaction between the two variables is not significant, obtaining strong audit evidence should not be viewed as a substitute for an appropriate materiality judgment. These practices can give auditors a clearer basis for forming and supporting audit opinions.

### ***Suggestions for Future Research***

However, this study covers auditors from public accounting firms in Sumatra, and the results may not hold in other institutional or regulatory settings. Future studies could use samples from other regions and include different types of audit engagements, particularly more complex engagements and audits that make greater use of technology. Other factors, such as auditor competence, professional skepticism, and audit effort, could also be examined to account for differences in audit opinion accuracy that the current model does not capture. Longitudinal research would provide another useful perspective by examining whether the relationships between materiality judgment, audit evidence, and audit opinion accuracy change over time as audit practices and technology develop.

### **Acknowledgements**

The authors thank everyone who contributed to this study. The authors are particularly grateful to colleagues and the anonymous reviewers for their valuable comments and constructive suggestions, which helped improve the manuscript's quality and clarity. Any errors or omissions that remain are the sole responsibility of the authors.

### **Conflict of Interest**

None.

### **Funding**

The authors received no funding for this research.

### **References**

- Arens, A. A., Elder, R. J., Beasley, M. S., & Hogan, C. E. (2023). *Auditing and assurance services: An integrated approach* (18th ed.). Pearson.
- Austin, A. A., Hammersley, J. S., & Ricci, M. A. (2020). Improving auditors' consideration of evidence contradicting management's estimate assumptions. *Contemporary Accounting Research*, 37(2), 696–716. <https://doi.org/10.1111/1911-3846.12540>
- Baldauf, J., Steller, M., & Steckel, R. (2015). The influence of audit risk and materiality guidelines on auditors' planning materiality assessment. *Accounting and Finance Research*, 4(4), 97–114. <https://doi.org/10.5430/afr.v4n4p97>
- Choudhary, P., Merkley, K., & Schipper, K. (2019). Auditors' quantitative materiality judgments: Properties and implications for financial reporting reliability. *Journal of Accounting Research*, 57(5), 1303–1351. <https://doi.org/10.1111/1475-679X.12286>
- Christensen, B. E., Glover, S. M., Omer, T. C., & Shelley, M. K. (2016). Understanding audit quality: Insights from audit professionals and investors. *Contemporary Accounting Research*, 33(4), 1648–1684. <https://doi.org/10.1111/1911-3846.12212>
- Christensen, B. E., Schmardebeck, R., & Seidel, T. A. (2022). Do auditors' incentives affect materiality assessments of prior-period misstatements? *Accounting, Organizations and Society*, 101, Article 101332. <https://doi.org/10.1016/j.aos.2021.101332>

- Chung, J., & Monroe, G. S. (2001). A research note on the effects of gender and task complexity on an audit judgment. *Behavioral Research in Accounting*, 13(1), 111–125. <https://doi.org/10.2308/bria.2001.13.1.111>
- Chung, P. K., Geiger, M. A., Paik, G. H., & Rabe, C. (2021). Materiality thresholds: Empirical evidence from change in accounting estimate disclosures. *Accounting Horizons*, 35(3), 113–141. <https://doi.org/10.2308/HORIZONS-19-114>
- DeFond, M., & Zhang, J. (2014). A review of archival auditing research. *Journal of Accounting and Economics*, 58(2–3), 275–326. <https://doi.org/10.1016/j.jacceco.2014.09.002>
- de Inés Antón, O., Dong, T., Eugster, F., Zhu, L., & Roy, A. (2025). Audit materiality judgments during the COVID-19 pandemic: Evidence from the United Kingdom. *Journal of Accounting and Public Policy*, 54, Article 107355. <https://doi.org/10.1016/j.jaccpubpol.2025.107355>
- Detzen, D., Gold, A., & Wright, A. (2024). The impact of account-level inspection risk on audit program planning decisions. *Accounting Horizons*, 38(3), 35–42. <https://doi.org/10.2308/HORIZONS-2022-184>
- DeZoort, F. T., Holt, T. P., & Stanley, J. D. (2023). How do investor and auditor materiality judgments compare? *Current Issues in Auditing*, 17(1), P1–P10. <https://doi.org/10.2308/CIIA-2022-016>
- Dwyer, K.-A. M., Brennan, N. M., & Kirwan, C. E. (2022). Audit materiality and audit effort: Evidence from materiality benchmarks. *Accounting, Finance & Governance Review*, 29, 1–27. <https://doi.org/10.52399/001c.36802>
- Enofe, A. O., Mgbame, C., Odeyile, L., & Kuegbe, K. (2013). Impact of audit evidence on auditor's report. *Research Journal of Finance and Accounting*, 4(13), 125–134. <https://www.iiste.org/Journals/index.php/RJFA/article/view/7786/7930>
- Francis, J. R. (2011). A framework for understanding and researching audit quality. *Auditing: A Journal of Practice & Theory*, 30(2), 125–152. <https://doi.org/10.2308/ajpt-50006>
- Francis, J. R. (2024). What exactly do we mean by audit quality? *Accounting in Europe*, 21(2), 123–133. <https://doi.org/10.1080/17449480.2023.2247410>
- Friska, R., & Agustia, D. (2025). Enhancing auditor judgment quality: A review of evidence from experimental research. *Journal of Risk and Financial Management*, 18(3), Article 115. <https://doi.org/10.3390/jrfm18030115>
- Goh, B. W., Lee, J., Li, D., Li, N., & Wang, M. (2023). Auditor materiality threshold and audit quality—Evidence from the revised ISA 700 in the United Kingdom. *Accounting Horizons*, 37(3), 147–170. <https://doi.org/10.2308/HORIZONS-2020-108>
- Hammersley, J. S., & Ricci, M. A. (2021). Using audit programs to improve auditor evidence collection. *The Accounting Review*, 96(1), 251–272. <https://doi.org/10.2308/TAR-2018-0120>
- Hasan, B. T., Chand, P., & Lu, M. (2021). Influence of auditor's gender, experience, rule observance attitudes and critical thinking disposition on materiality judgements. *International Journal of Auditing*, 25(1), 188–205. <https://doi.org/10.1111/ijau.12216>
- Houghton, K. A., Jubb, C., & Kend, M. (2011). Materiality in the context of audit: The real expectations gap. *Managerial Auditing Journal*, 26(6), 482–500. <https://doi.org/10.1108/02686901111142549>
- Huang, Y., Li, N., Zhang, J., & Zhou, X. (2024). The economic consequences of heightened materiality uncertainty: An auditing perspective. *The Accounting Review*, 99(4), 225–249. <https://doi.org/10.2308/TAR-2021-0716>
- International Auditing and Assurance Standards Board (IAASB). (2018a). *International Standard on Auditing (ISA) 500: Audit evidence*. International Federation of Accountants. <https://www.iaasb.org>

- International Auditing and Assurance Standards Board (IAASB). (2018b). *International Standard on Auditing (ISA) 320: Materiality in planning and performing an audit*. International Federation of Accountants. <https://www.iaasb.org>
- International Auditing and Assurance Standards Board (IAASB). (2018). *International Standard on Auditing (ISA) 700: Forming an opinion and reporting on financial statements*. <https://www.iaasb.org>
- Kachelmeier, S. J., & Rimkus, D. (2022). Does seeking audit evidence impede the willingness to impose audit adjustments? *The Accounting Review*, 97(7), 269–293. <https://doi.org/10.2308/TAR-2019-0613>
- Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L. B., & Velury, U. K. (2013). Audit quality: Insights from the academic literature. *Auditing: A Journal of Practice & Theory*, 32(Supplement 1), 385–421. <https://doi.org/10.2308/ajpt-50350>
- Knechel, W. R., & Salterio, S. E. (2016). *Auditing: Assurance and risk* (5th ed.). Routledge. <https://doi.org/10.4324/9781315531731>
- Messier, W. F., & Schmidt, M. (2018). Offsetting misstatements: The effect of misstatement distribution, quantitative materiality, and client pressure on auditors' judgments. *The Accounting Review*, 93(4), 335–357. <https://doi.org/10.2308/accr-51954>
- Ostapenko, Y. (2024). *Materiality level in the audit of financial statements and its impact on the auditor's professional judgment*. *Oblik i finansi*, 4(106), 69–75. [https://doi.org/10.33146/2307-9878-2024-4\(106\)-69-75](https://doi.org/10.33146/2307-9878-2024-4(106)-69-75)
- Quick, R., Zaman, M., & Mandalawattha, G. (2023). *Auditors' application of materiality: Insight from the UK*. *Accounting Forum*, 47(1), 24–46. <https://doi.org/10.1080/01559982.2021.2019958>
- Simon, H. A. (1955). A behavioral model of rational choice. *The Quarterly Journal of Economics*, 69(1), 99–118. <https://doi.org/10.2307/1884852>
- Trotman, K. T., Tan, H.-T., & Ang, N. (2011). Fifty-year overview of judgment and decision-making research in accounting. *Accounting & Finance*, 51(1), 278–360. <https://doi.org/10.1111/j.1467-629X.2010.00398.x>
- Zhu, L., Zheng, Q., & Li, Y. (2024). *Is audit materiality informative? Evidence from China*. *China Journal of Accounting Research*, 17(3), Article 100373. <https://doi.org/10.1016/j.cjar.2024.100373>