

ABSTRACT

Financial statements are a form of information prepared by management that is used by shareholders and other stakeholders in the decision-making process. The difference in interests between management and shareholders makes external auditors as third parties as mediators between the two parties in charge of evaluating and assessing the fairness of financial statements presented by the management per applicable standards, reflecting the actual condition of the company and free from material misstatements. The quality of its information can be created by improving the audit quality. Audit quality is the probability of an auditor finding and reporting if there are distortions in the client's financial statements so that the content of the financial statements will not mislead its users. However, in practice, there are still cases related to the low quality of audits, which is misleading and detrimental to many parties.

The independent variables in this study are client importance, audit capacity stress, and audit fee, while the dependent variable in this study is audit quality. This study aims to determine the effect of client importance, audit capacity stress, and audit fees on audit quality in financial sector companies listed on the Indonesia Stock Exchange in 2016-2020 because inconsistencies in the results of previous studies still occur a lot.

Based on its purpose, this study is a descriptive study with purposive sampling as a sampling technique. Based on the sampling criteria, as many as 50 financial sector companies were obtained which were used as research samples with an observation period of five years. So that a total sample of 250 was obtained from companies registered in the financial sector from 2016-2020. The regression model used is logistic regression using IBM SPSS 26 software.

The results showed that simultaneously, client importance, audit capacity stress, and audit fee affect the audit quality. Meanwhile, partially, client importance and audit capacity stress do not affect the quality of the audit, only the audit fee variable has a positive effect on the audit quality.

Keywords: *Audit Capacity Stress, Audit Fee, Audit Quality, Client Importance*