The influence of client importance on the audit quality: A study to understand external auditor's role as the guardians of strong and justice organizations (Goal 16 sustainable development goals)

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Abstract. This study aims to see the effect of client importance on audit quality by comparing before and after the issuance of Indonesian government regulation member 20 of 2015, which states that there is no longer mandatory audit firm rotation for public accountant firm (KAP). By abolishing rotation obligation, the bonding between the client and public accountant firm will be stronger, therefore, the client's importance will further reduce the quality of the audit. However, this study's result does not find any difference in the effect of client importance on audit quality in the period before and after the elimination of the public accountant firm rotation obligation. These results indicate that Indonesia's accountant public firms are still maintaining their integrity, possibly due to law enforcement and sanctions. Thus, auditors maintained their role as the agent of financial statements' trust by providing a high-quality audit to promote accountable and transparent organizations.

1. Introduction

When discussing accountants' role in the present era, it will also discuss Sustainable Development Goals or better known as SDGs. The accounting profession has a crucial role in helping to make existing goals a reality. According to the International Federation of Accountants (IFAC) Finance Director, 8 of the 17 SDGs goals are assisted by accountants' role in their various roles in work [1]. Goal number 16 about "peace, justice, and strong institutions," where the public accountant is directly involved in being the trust agent of financial statement integrity.

However, many cases occur in Indonesia related to financial statement fraud, one of which is the SNP Finance case where the multi finance company defrauded 14 banks from 2016-2017. The regulator's findings were strongly suspected that one of the Big Four public accounting firms in Indonesia was manipulated on SNP Finance's financial statements. This financial statement is the basis for SNP to obtain financing from other institutions.

During the examination, the state treasurer admitted that SNP Finance's public accounting firm's indications were indications of negligence in auditing the Columbia Group subsidiary's financial statements. Some of the findings highlighted include the lack of auditors' skepticism and understanding of its accounting system. The audit conducted by KAP (Public Accounting Firm) on SNP Finance did not reach the primary document. Also, this public accountant has long been auditing SNP Finance. Thus, the audit procedures that should be deepened were not carried out. SNP Finance, which was audited by one of the Big Four KAPs, also experienced audit failure. In addition to unfulfilled standards, there is a long-term relationship between the audit team and the same client, causing a firm commitment...
between them. Hence, this has an impact on reducing professional skepticism. Apart from that, cases that are currently being discussed regarding the alleged client importance are Garuda Airlines, Bank Bukopin, PT Inovisii Infrawcom Tbk, PT Asabri.

A very infamous case related to client importance occurred in the United States, of which Andersen public accounting firm, hired and paid for by Enron. Andersen also provides consultancy to Enron, which goes beyond the jurisdiction of general public accountants. Moreover, Andersen experienced a conflict of interest due to the massive payment for audit fees and consulting fees. The two of them have worked together to manipulate financial statements to detrimental to many parties, both internal and external because Enron does not present financial reports correctly and transparently. Meanwhile, as the auditing KAP, Arthur could not maintain its independence, which can be seen from its interference in influencing a report's opinion. This case shows that client importance can affect audit quality. Client importance is the extent to which a client is essential to an audit firm. Clients who are large in size or higher audit fees are usually of more importance than smaller clients.

The client's importance harms audit quality by the initial expectations that an economic bond between the auditor and the client causes low audit quality. Auditors sacrifice their independence to retain economically significant clients. Therefore, clients are essential in line with stronger economic ties [2].

On the other hand, the author did not find any relationship between client importance and partner auditors from Big N auditors. However, in this study, client importance had a relationship with partner auditors for clients from non-Big N auditors. This study’s results were not by the expectations from the initial hypothesis that Big N's auditor partners have a relationship with client importance because Big N's auditor partners have a high reputation for being protected and risk losing other clients if they build a reputation to provide poor audit quality. Thus, sacrificing independence to retain these clients. Nevertheless, this study showed that non-Big N auditors sacrifice independence for economically important clients [3].

Auditors in China compromise the quality of their audits on clients of importance when protection for investors is still weak. There was a negative relationship between modified audit opinion (MAO) and client importance in China before 2001. However, client importance on audit opinion became positive after 2001 when investor protection was adequate in China. This study's results are consistent with the initial assumption that the auditor's attitude towards client importance will change when Chinese people pay more attention and protect investors. Therefore, client importance decreases in line with better legal changes [4].

The negative impact of the relationship between auditors and client (client importance) can be anticipated through audit rotation according to the research of Bleibtreu & Stefani (2018), which states that audit rotation can reduce client importance. AP (Public Accountant) and KAP rotation rules have been enforced in Indonesia since 2002, limiting a KAP period with its clients to a maximum of five consecutive years and an AP with its clients to a maximum of three consecutive years. This regulation was revised in 2008, where the obligation for an audit firm rotation (KAP rotation) is a maximum of 6 (six) years. Meanwhile, the audit partner rotation remains the same with a maximum of 3 (three) years. This regulation has been enforced since 2008 through the Minister of Finance Regulation (PMK) No. 17 / PMK.01 / 2008. It applies to all types of companies in Indonesia, whether based on their activities or listed on the Stock Exchange. However, in 2015, through Government Regulation (PP) No. 20 of 2015, changes were made regarding the mandatory audit rotation regulations. Article 11 PP No. 20 of 2015 explains that audit services on the historical financial statement are limited to a maximum of 5 (five) consecutive years. This provision applies to entities, including industries such as banking, insurance, or public business entities. The changes brought by this new PP show that the rotation provision is no longer applied to Public Accountants (APs) and KAPs, but only to Public Accountants.

The regulation regarding audit rotation that is enforced in Indonesia is interesting to be researched further. If previously, based on PMK 17/2008, a KAP has limited to only auditing the company's historical financial statements for 6 (six) consecutive years and AP in 3 (three) consecutive years, then based on this PP 20/2015, there were not any restrictions for KAP[5][6]. The restriction only applies to AP, namely for 5 (five) consecutive financial years. Hence, if it is related to client importance, this rule can increase client importance or vice versa because this regulation only deals with public accountants (AP). Thus, the bond that was built is tighter between the client and the AP. Furthermore, auditor rotation is one of the external factors that can affect audit quality, in line with Myers et al. (2003)’s
research, which stated that mandatory auditor rotation is essential to improve audit quality [7].

Auditor rotation regulation must be carried out by a company to produce high quality and enforce auditor independence. Relationships that are too long can reduce an auditor's objective nature; therefore, the auditor will not cover the client's earnings management. Audit rotation makes the auditors more objective because they do not have an engagement with the client. Audit rotation is carried out to limit the long relationship between client and auditor. Bleibtreu & Stefani (2018) show that mandatory audit firm rotation can reduce client importance. The existence of voluntary audit rotation reduced the level of economic dependence of auditors on clients. These results reflect a negative relationship between client importance and audit rotation. When the company performs audit rotation, the level of economic dependence of auditors on clients will decrease, thus, the audit quality will increase[8].

This study is a replication of research conducted by Chen et al., (2018) in China and Bleibtreu & Stefani (2018) [9]. Compared to previous studies, this study's difference is by adding a moderating variable, namely audit rotation, based on Bleibtreu & Stefani (2018), which states that audit rotation can reduce client importance. This research was conducted in Indonesia, wherein in 2015 the mandatory KAP rotation rules were abolished. Only AP rotation and Indonesian legal regulations regarding auditors' obligation to maintain independence were still weak. Hence, recently there have been many cases related to audit failure. The rotation is expected to increase auditor independence and result in high audit quality, thus, the negative effect of client importance on audit quality can be reduced. This research will look at the conditions before and after the issuance of regulations regarding mandatory rotation in 2015 and understand how the impact of eliminating KAP rotation obligations on the relationship between client importance and audit quality. This study used data from the Indonesia Stock Exchange during the 2012-2018 period.

Based on the background described previously, the problem formulations discussed in this study are (1) Does client importance affect audit quality? (2) Does the client's importance to audit quality differ in the period before and after abolishing the audit rotation obligation? This research is expected to be useful for policymakers, specifically as an input for regulators to consider mechanisms to increase auditor independence. With the number of incidents or cases that occur supported by research results, it is hoped that the government or policymakers will be more active and careful about policy formulation by considering the recent developments and also evaluate material for regulatory regulations as a result of PP 20 enactment on audit quality and client importance.

1.1. Agency theory
Agency theory describes the relationship between the owner (principal) and management (agents) who carry out its operational activities. Based on the owner's delegation of authority to the agent. Agency theory is emphasized to overcome two problems that can occur in agency relationships. Firstly, the existence of information asymmetry can create the need for an independent third party to examine. Secondly, provide certainty on the financial statements prepared by management, namely an auditor. The purpose of conducting an audit is to reduce information asymmetry that occurs between management and principals. Therefore, external auditors are needed to provide an opinion on the manager's financial statements' fairness. Independent external auditors are expected to decrease of the agent payment [10].

1.2. Audit rotation
Rotation in agency theory must increase the level of confidence of investors and other users of financial statements. Audit rotation is a frequent turnover of the company's independent audits to reduce the threat of intimacy where the auditor is too long involved with the client. Jackson et al. (2008) infer that audit rotation can prevent auditors from having personal relationships with clients, therefore, auditor independence is not affected[11]. Nagy (2005) shows that audit rotation makes new auditors more skeptical and has fresh perspectives that may have been lost due to the long-term relationship between the auditor and the client[12]. Audit rotation makes the auditors more objective because they do not have an engagement with the client. Also, Audit rotation is carried out to limit the long relationship between client and auditor. Relationships that are too long can reduce the objective nature of an auditor. Thus, the auditor will tend not to cover the client's earnings management. The audit rotation also provides a perspective for new clients, making the reliability of the information produced and the audit produced more qualified. Myers et al. (2003) stated that mandatory auditor rotation is vital if audit
quality deteriorates. Auditor rotation is an auditor rotation regulation that a company must carry out to produce quality and enforce auditor independence.

There is a change in Government Regulation (PP) No. 20 of 2015, regarding the mandatory audit rotation, revised the 2008 regulations through the Minister of Finance Regulation (PMK) No. 17 / PMK.01 / 2008 where the obligation for an audit firm rotation is a maximum of every 6 (six) years. Meanwhile, the audit partner rotation is a maximum of 3 (three) years. Article 11 PP No. 20 of 2015 explains that audit services for historical financial information by a public accountant (auditor) and public accountants with an associated party are limited to a maximum after 5 (five) consecutive years. This provision applies to entities including industries in the capital market sector, commercial banks, pension funds, insurance/reinsurance companies, and BUMN. The changes brought by the new PP show that the rotation provision is no longer applied to public accountants and KAPs, but only to public accountants. Although KAP rotation is no longer required, several companies still carry out audit rotations independently or voluntarily.

1.3. Audit quality
Audit quality is the possibility that the auditor will find errors in the client's financial statements [13]. According to the Government Accountability Office, audit quality is reflected in everything carried out on the applicable rules in the audit; (1) conducted and reported based on generally accepted accounting principles (GAAP) and (2) not a material misstatement, either due to error or fraud. Theoretically, the audit's high quality should be able to control the possibility of fraud, and conversely, adequate internal control of fraud can help improve audit quality. In this case, it illustrates how important the role of audit quality in reducing fraud.

1.4. Client importance
The long-term relationship between auditors and auditors can make the company of client importance because it is considered a source of income for auditors, thereby affecting the declining level of objectivity and independence. Based on the accounting theory, the firm's immense size is more likely to compromise their independence because clients are considered essential (Mautz and Sharaf 1961). Kerler and Brandon (2010) define client importance as the client's relative financial importance for auditors or KAP [14]. Also, economically potential clients are often identified as prime clients by auditors (Johnson and Reynolds, 2002). The main client is a client who has a large number of assets from an audit office, so auditors often spend a longer time with the client. Clients who receive a going concern opinion may change their auditors, hoping that the auditors will be flexible, resulting in more favorable financial reports [15]. The impact of losing significant clients significantly reduces the company's revenue. However, the level of audit quality is well maintained, and the opportunities to get new clients are increasing [16].

There are two arguments regarding client importance for audit quality. The first argument states that the more influential the client is to KAP, the lower the quality of the audit produced, because of economic dependency factors (Chi et al, 2011). The second argument states that the more influential the client is to the KAP, the higher the resulting audit quality is due to the reputation protection factor [17].

The auditor will work with the client for a very long period on an annual basis. The auditor will view his client as a company with great potential in the future that will continue to employ them. Therefore, the auditor will tend to identify the client. The emergence of client identification should be avoided because it is based on the results of research (Bamber and Iyer, 2005), that this client identification can damage the objectivity of the auditor [18]. Auditors who identify clients excessively with their clients are more likely to agree with the clients' expectations and requests.

1.5. Previous studies
Chen et al. (2018) examined the effect of client importance on audit quality, whether the client and the auditor's economic bond could affect auditor independence. This research was conducted in the period 2007-2012, with a final sample of 8551 companies. Chen et al. (2018) found that client importance has a negative relationship with audit quality. These results suggest that the more critical a client is, the fewer audit adjustments the auditor provides. This is due to the economic dependence factor that encourages auditors to do whatever is required by management by not correcting the financial
statements according to the appropriate audit procedures. Hence, the audit quality is low.

Bleibtreu & Stefani (2018) tested the effect of audit firm rotation on client importance, examining whether the tendency for client importance will decrease with Mandatory Audit Firm Rotation. The results showed that the mandatory audit firm rotation could reduce client interests and maintain auditor independence. If there is audit rotation, the level of economic dependence of auditors on clients will decrease, so that the audit quality will be okay.

Chi et al. (2012) studied the effect of client importance on the audit partner's independence, whether the audit partner compromised its independence for the client's benefit. Their research deduced that there is no significant relationship between client importance and the audit partner's independence.

Chen et al. (2010) examined Client Importance, Institutional Improvements, and Audit Quality in China. This study examines how changes in China's laws and regulations affect the relationship between client economic importance and audit quality. Based on a sample of 8,917 observation years from 1995 to 2004. Chen et al. (2010) found that at the individual level, auditors tended to issue MAOs, in which the relationship between MAO and client importance was negative in pre-2001. After improving China's institutional regulations in the 2001 period, the relationship between client importance and audit quality diminished.

Chung et al. (2003) examined Client Importance, Non-audit Service, and Abnormal Accruals [19]. The sample consisted of 1,871 clients from the big five audit firms in the US. The results showed that there was no significant relationship between abnormal accruals and client importance.

1.6. The effect of client importance on audit quality

Independence is one of the ethical components that must be maintained and owned by an auditor. By maintaining independence, enabling an auditor to provide high-quality audit services. However, auditors have an incentive to compromise their independence with considered economically important (DeAngelo, 1981a). This can occur because of the economic dependence on a client categorized as the primary client because the client's income will be higher than that of the client. So that this will have an impact on audit quality.

The more important the client is for the auditor / KAP, the higher the audit quality due to reputation protection factors and the possible risk of losing other clients if they are proven to build a reputation to provide poor audit quality by reducing their independence (De Angelo, 1981). Chi et al. (2011) stated that the more important the client is to the auditor / KAP, the lower the audit quality is due to the company's economic dependence on the client. An auditor who views that his client is a potential income source will cause the auditor's economic dependence on his client. Client importance will interfere with the independence and objectivity of auditors in conducting processes and audits. If the auditor loses his independence, the resulting audit report is not by the company's actual conditions, so that it cannot be used as a basis for decision making. Therefore, based on the description, there are two arguments regarding the relationship between client importance and audit quality, i.e., (1) client importance results in high audit quality because the company maintains its reputation to maintain clients and (2) client importance results in low audit quality due to strong economics bonds. Thus, the auditor / KAP tends to follow the client's wishes.

Chen et al. (2018) proved that client interests were negatively related to audit quality, indicating that greater client importance (CI) was associated with fewer audit adjustments and had an effect on lower audit quality due to reduced auditor independence with the existence of economic bonds between auditors and clients. Chen et al. (2018) also found that auditors in China compromise the quality of their audits when institutions and regulations on investor protection are weak. The results of this study deduced that client importance harms audit quality. This shows that when the company is an essential client for KAP, it will endanger auditors' independence because they will try to retain clients.

Recently in Indonesia, there have been cases related to audit failure. The violations committed by the auditor / KAP may be because the client is considered an important client for the auditor / KAP and resulted in compromising the client's requests. Hence, the first hypothesis that is formed is as follows:

H1: Client importance has a negative effect on audit quality.

1.7. The effect of audit rotation moderation on the relationship between client importance and audit quality

An audit rotation policy is needed to tackle the negative impact of keeping the long audit period to
avoid too intense communication between accountants and clients, leading to low audit quality. Two main strengths that push the auditors to keep the audit quality are a litigation or insurance incentive and a reputation incentive. Under the first motive, if auditors are legally responsible for audit failures, they will provide audit quality to avoid litigation costs. Based on the second motive, auditors have reputational incentives to avoid audit failure. Audit rotation has a positive impact on auditor independence [20].

Additionally, The results of Bleibtreu & Stefani's (2018) research inferred that mandatory audit firm rotation could reduce client importance because the mandatory audit firm rotation can strengthen auditors' incentives to remain independent. Furthermore, Booker (2018) found that voluntary audit rotation reduced the level of economic dependence of auditors on clients. Chen et al. (2018) found that client importance harms audit quality. The hypothesis of this study is by the initial expectations of Chen et al. (2018) that auditors sacrifice their independence to retain economically important clients. Thus, clients are said to be essential if having stronger economic ties.

The regulation regarding rotation that is enforced in Indonesia based on PP 20/2015 of which there are no more restrictions for KAP. The restriction only applies to AP, namely for 5 (five) consecutive financial years. Therefore, if it is related to client importance, it is expected that the audit rotation can reduce client importance. In line with the research of Myers et al. (2003), which stated that the mandatory auditor rotation is essential to improve audit quality. The violations committed by the auditor / KAP may be because the client is considered an important client for the auditor / KAP. Hence, when the company performs audit rotation, it is expected that it will further improve the audit quality because the client and the auditor's economic bond will decrease. However, when the KAP rotation rule is abolished, a KAP can continue to audit a client indefinitely. Thus, the bonding between the KAP and the client is getting stronger, which will eventually lead to the client's importance that will further reduce the audit quality. Based on these arguments, the second hypothesis is as follows:

**H2: The abolition of KAP rotation will strengthen the negative effect of Client Importance on audit quality**

2. **Method**

This study will test the existing hypotheses using regression analysis with panel data and descriptive statistics for analytical techniques. Two-part to explain this research methodologies are case study location and period and data collection and analysis.

2.1. **Data and sample**

This research uses data from companies listed on the Indonesia Stock Exchange (BEI) during the 2012-2018 period. In 2012-2014 AP and KAP rotation rules were applied, while in 2016 - 2018, there was only an AP rotation rule. 2015 was the first year that the mandatory KAP rotation rule was abolished, and only the mandatory rotation for Public Accountants (AP) applies, and the government issued this rule on April 6, 2015. 2012 was chosen as the beginning of the research year because the audit rotation policy has been enacted this year. Moreover, in this research period from 2012 to 2018, there were no other significant rules other than the 2015 regulation regarding the AP rotation policy.

2.2 **Data collection and analysis**

The data used in this study are sourced from Thomson Reuters and annual financial reports issued by the company. The hypothesis tested using regression analysis with panel data. Audit quality has various dimensions. It can be seen from the output, process, input. In this study, audit quality is measured based on the output, viz, and quality of the resulting earnings. The better the earnings quality is resulting from an audit process, the better the audit quality. By using the measurement of the absolute value of discretionary accruals (Abs_DAC) because what is seen is the earning management, not the direction (Siregar, 2005). We chose the Kasznik model because it has the highest adjusted $R^2$ value and the coefficient that produces quite high predictions.

The independent variable in this study is client importance. Accounting theory suggests that auditors who depend on large firms are more likely to compromise their independence because clients are considered essential (Mautz and Sharaf 1961)[21]. The measurement of client importance can follow Chen et al. (2018) research measured by the natural logarithm of company sales, divided by the aggregate logarithm of sales of all companies whose audit reports are signed by the audit partner.
Measuring client importance Chen et al. (2018) can also refer to research by Chen, Sun, and Wu (2010), where the measurements are divided into two, i.e., based on the office level audit and individual auditor level. Meanwhile, uses the natural logarithm of the total audit fee in their measurement [22]. This study uses the measurement used by Chen, Sun, and Wu (2010) by using the client's total assets' natural logarithm as a measure of client economic importance. The measurements are as follows:

\[ CI = \ln \text{total Asset (Ln) from n audited client by KAP I in a given year}. \]

The moderating variable in this study is audit rotation. Mautz and Sharaf (1961) said that the length of the relationship between the auditor and his client would affect the auditor's independence. The measurements are as follows: Audit rotation = 1 after 2015, and otherwise = 0. The control variable was adopted from the study of Chen et al. (2018), which consists of company size, leverage, loss, big4, ROA, and public accountant rotation. Audit quality is measured by absolute discretionary accruals from the Kasznik model. The research model is as follows:

Model (1) \[ \text{ABS_DACit} = \alpha + \beta_1 CI_{it} + \beta_2 RotationAboilition_{it} + \beta_3 Size_{it} + \beta_4 ROA_{it} \]
\[ + \beta_5 Leverage_{it} + \beta_6 Loss_{it} + \beta_7 Big4_{it} + \beta_8 AP Rotation_{it} + \beta Year \]
\[ + \kappa Industry + \epsilon_{it}. \]

Model (2) \[ \text{ABS_DACit} = \beta_1 CI_{it} + \beta_2 RotationAboilition_{it} + \beta_3 CI_{it} \ast RotationAboilition_{it} \]
\[ + \beta_4 Size_{it} + \beta_5 ROA_{it} + \beta_6 Leverage_{it} + \beta_7 Loss_{it} \]
\[ + \beta_8 Big4_{it} + \beta Rotation AP_{it} + \beta Year + \kappa Industry + \epsilon_{it}. \]

3. Results and discussion

| Variable               | Obs   | Mean  | Std. Dev. | Min    | Max    |
|------------------------|-------|-------|-----------|--------|--------|
| Number Obs             | 2,016 | 144.5 | 83,15856  | 1      | 288    |
| Year                   | 2,016 | 2015  | 2,000496  | 2,000  | 2018   |
| Audit Quality          | 2,016 | 0.0993073 | 0.2750905 | 0.0000033 | 7,104527 |
| Client Importance      | 2,016 | 0.1511614 | 0.2596564 | 0.008636 | 2.342926 |
| Rotation Aboilition (RA)| 2,016 | 0.5714286 | 0.4949944 | 0      | 1      |
| Rotasiap               | 2,016 | 0.4255952 | 0.4945556 | 0      | 1      |
| Big4                   | 2,016 | 0.437004 | 0.4961387 | 0      | 1      |
| Loss                   | 2,016 | 0.2420635 | 0.4284388 | 0      | 1      |
| Size                   | 2,016 | 28.53649 | 1,749681  | 22,34878 | 33,47373 |
| Roa                    | 2,016 | 0.0295274 | 0.1496774 | -1.72822 | 2.092236 |
| Lev                    | 2,016 | 0.3354425 | 0.5039543 | 0.000048 | 4.976244 |

Table 1 illustrates that the average audit quality variable is 144.5, while the client importance variable has a mean value of 0.000033. The independent audit rotation variable has a mean value of 0.5714286. Table 1 also shows control variables, namely AP rotation, big 4, loss, size, and ROA.

| Number of obs       | 2,016 |
| Number of groups    | 288   |
| Time periods        | 7     |
| Wald chi2 (8)       | 29.02 |
Based on table 2, it can be seen that the client's importance variable has a significant negative effect on DAC or has a positive effect on audit quality. This result is different from the hypothesis, which states that client importance harms audit quality. The initial hypothesis's argument with a negative effect is that the auditor will act according to the client's wishes when the client is essential. However, in this study, the opposite results were found, and it turns out that a client's importance has a positive effect on audit quality, meaning that the more critical a client is, the auditors will try to improve the quality of the audit because of law enforcement and the existence of sanctions so that the auditors maintain audit quality.

Hypothesis 2 expects that abolishing KAP rotation rule will harm audit quality. It is predicted that when the KAP rotation regulation is removed, the KAP will continue to audit specific clients (there is no mandatory rotation). Thus, the bonding between the client and the auditor is getting stronger and then reducing the audit quality. In this study, the moderation variable (client importance times rotation abolition) did not have a significant effect. These results show that there is no difference in the effect of client importance on audit quality between before and after the elimination of rotation rules, which means that KAP maintains audit quality even though the client is essential.

4. Conclusion
This study aims to see the effect of client importance on audit quality by comparing before and after Indonesian government regulation number 20 of 2015, which states that there is no longer mandatory audit firm rotation for KAP. By abolishing rotation obligation, the bonding between the client and KAP will be stronger, therefore, the client's importance will further reduce the quality of the audit. However, this study's results do not find any difference in the effect of client importance on audit quality in the period before and after the elimination of the KAP rotation obligation. These results indicate that KAPs in Indonesia are still maintaining their integrity, possibly due to law enforcement and sanctions, thus, auditors maintain audit quality by not differentiating between clients of importance or not of importance. In other words, public accountants have maintained their role as the agent of trust of financial statements by providing a high-quality audit to promote accountable and transparent organizations.

This study's limitation is that these results cannot be generalized to the global scope because this study only looks at conditions in Indonesia. The measurement of audit quality in this study uses a discretionary accrual using only the Kasznik method, whereas there are many other discretionary accrual measurement methods. Audit quality can be measured in other ways, for example, from the sanctions given to KAP, auditor competence, quality of working papers, and others. Another limitation is the measurement of client importance, wherein this study only measures the total assets, while it can also be measured from total sales, etc.

Acknowledgements
We gratefully acknowledge financial support from Research Grant from Universitas Indonesia.

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