Indonesian
Management and Accounting
Research

Articles

Indonesian Management and Accounting Research

SITE PUBLICATION CURRENT ARCHIVES ANNOUNCEMENTS ABOUT ▾

Search

Editorial Team

EDITOR IN CHIEF

Vinola Herawaty
Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Email: vinolaherawati@trisakti.ac.id

MANAGING EDITOR

Lidia Wahyuni
Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Email: lidia@trisakti.ac.id

Editorial Board

Marieta Ariani
Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Email: marieta@trisakti.ac.id

Erliana Banjarnahor

CATEGORY

INTERNATIONAL JOURNAL

MENU

Focus and Scope
Author Guidelines
Submissions
Publication Ethics and Malpractice Statement
Editorial Team
Reviewer
Template
Archives
Announcements
Indexed and Abstracted
Peer-Review Process

Editorial Board

Marieta Ariani
Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Email: marieta@trisakti.ac.id

Erliana Banjarnahor
Fakultas Ekonomi dan Bisnis, Universitas Trisakti, Jakarta, Indonesia

Email: erliana@trisakti.ac.id

Nico Lukito
Fakultas Ekonomi dan Bisnis, Universitas Trisakti, jakarta, Indonesia

Email: nicolukito@trisakti.ac.id

Iwan Ekawanto
Fakultas Ekonomi dan Bisnis, Universitas Trisakti, Jakarta, Indonesia

Email:

Cicely Delfina Harahap
Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Email: cicely@trisakti.ac.id

Retno Sari Murtiningsih
Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia
Email: retnosari@trisakti.ac.id

Regina Jansen Arsjah
Fakultas Ekonomi dan Bisnis, Universitas Trisakti, Jakarta, Indonesia

Email: regina.arsjah@trisakti.ac.id

Journal Business Model
Plagiarism Policy
Retraction Policy
Copyright Notice
Open Access Policy
Mailing Address

Template

Journal Template

STATISTICS

Web Statistic

00175007

View My Stats

INDEXING

REGISTER   LOGIN

SITE   PUBLICATION   CURRENT   ARCHIVES   ANNOUNCEMENTS   ABOUT ▾   Search

Reviewer Team

CATEGORY

INTERNATIONAL JOURNAL

MENU

Focus and Scope
Author Guidelines
Submissions
Publication Ethics and Malpractice Statement
Editorial Team
Reviewer
Template
Archives
Announcements
Indexed and Abstracted
Peer-Review Process

Publication Ethics and Malpractice Statement
Editorial Team
Reviewer
Template
Archives
Announcements
Indexed and Abstracted
Peer-Review Process
Journal Business Model
Plagiarism Policy
Retraction Policy
Copyright Notice
Open Access Policy
Mailing Address

Template

Journal Template

STATISTICS

Web Statistic

00175000

View My Stats

INDEXING

REGISTER LOGIN

SITE PUBLICATION CURRENT ARCHIVES ANNOUNCEMENTS ABOUT ▾

Search

Home / Archives / Vol. 18 No. 2 (2019): Indonesian Management and Accounting Research

Published: 2021-01-17

Antecedent of Online Buying Behavior
Aekram Faisal (Author)
79 - 104

PDF

Abstract: 1361 | PDF downloads:1026

Factors determining the share price volatility: Evidence from listed companies in Sri Lanka
Lingesiya Kengatharan, Jeyan Suganya Dimon Ford (Author)
105 - 126

PDF

Abstract: 1396 | PDF downloads:928 | PDF downloads:30 | PDF downloads:533 | PDF downloads:39

Determinant Factors Affecting Fraud Detection Capabilities to The External Auditor in Jakarta
Triana Yuniati, Erliana Banjarnahor (Author)
127 - 142

PDF

CATEGORY

INTERNATIONAL JOURNAL

MENU

Focus and Scope
Author Guidelines
Submissions
Publication Ethics and Malpractice Statement
Editorial Team
Reviewer
Template
Archives
Announcements
Indexed and Abstracted
Peer-Review Process
Journal Business Model
Plagiarism Policy

Home / Archives / Vol. 18 No. 2 (2019): Indonesian Management and Accounting Research / Articles

Determinant Factors Affecting Fraud Detection Capabilities to The External Auditor in Jakarta

PDF

Untitled

Published: Jan 17, 2021

DOI: https://doi.org/10.25105/imar.v18i2.5172

Keywords:
auditor tenure, fraud detection experience, level of education, fraud training, professional skepticism, external auditor

Dimensions

Altmetrics

Statistics

Triana Yuniati
Faculty of Economics, Universitas Bhayangkara, Jakarta, Indonesia
Erliana Banjarnahor

Abstract

The perspective of this study provides empirical evidence on the factors that affect the auditor's fraud detection ability. There are effective research hypotheses with auditor tenure, fraud detection experience, level of education, fraud training, prof professional skepticism. This study is hypothesis-testing research, Respondents are 120 auditors from seven public accounting firms in Jakarta participated in this study, thought a questionnaire. Data collected is done during April 201 5 by visiting the public accounting firm that has been willing to participate in this study. The type of data used is primary data and is a cross-section, data is collected only once. Conclusion of the study is auditor tenure, fraud training does not affect the ability to detect fraud. While fraud detection experience, the auditor's level of education and professional skepticism positively influence fraud detection capability. Limitations, suggestions and research implications are described at the end of this report.

ISSUE

CATEGORY

INTERNATIONAL JOURNAL

MENU

Focus and Scope
Author Guidelines
Submissions
Publication Ethics and Malpractice Statement
Editorial Team
Reviewer
Template
Archives
Announcements
Indexed and Abstracted
Peer-Review Process
Journal Business Model
Plagiarism Policy

Indonesian Management and Accounting Research

Determinant Factors Affecting the Ability of External Auditor to Detect Fraud.

Triana Yuniati*

Faculty of Economics, Universitas Bhayangkara, Jakarta, Indonesia
trianayuniati@ymail.com

Erliana Banjarnahor

Faculty of Economics and Business, Universitas Trisakti, Jakarta, Indonesia
erliana@trisakti.ac.id
*corresponding author

Abstract

This study aims to provide empirical evidence on the factors that affect Jakarta auditor's fraud detection ability. The factors are auditor tenure, fraud detection experience, level of education, fraud training, and professional skepticism. This study is hypothesis-testing research; Respondents are 120 auditors from seven public accounting firms in Jakarta who participated in this study, thought a questionnaire. Data collected is done during April 2015 by visiting the public accounting firm that has been willing to participate in this study. The type of data used is primary data and is a cross-section; data is collected only once. The conclusion of the study is that auditor tenure, and fraud training does not affect the ability to detect fraud. While fraud detection experience, the auditor's level of education and professional skepticism positively influence fraud detection capability. Limitations, suggestions, and research implications hare described at the end of this report.

Keywords: auditor tenure, fraud detection experience, level of education, fraud training, professional skepticism, external auditor.

JEL Classification: M42, M53, J44

INTRODUCTION

The Public Accounting Firms an organization engaged in services. Services provided are in the form of operational audit services, compliance audits, and financial report audits (Arens, Elder & Beasley, 2015). A professional code of ethics regulates the public accounting firm in carrying out its profession. In Indonesia, it is known as the Indonesian Accountant Code of Ethics.   The public will judge the extent to which an auditor has worked with ethical standards set by his profession.

One of the roles of external auditors, as described in Auditing Standard 200 paragraph 11a in Standard Profesional Akuntan Publik (SPAP,2013), is to provide confidence to interested parties that financial statements have been prepared according to applicable standards and reflect the actual condition of a business entity. Besides, the role of external auditors is to ensure that financial statements do not contain material misstatements caused by mistakes or fraud—the difference between the two lies in the underlying action. Misstatements contain an element of accident, while cheating contains intentional elements.

Fraud is increasingly prevalent in various ways that continue to grow so that the auditor's ability to detect fraud must also be continuously improved. However, auditors are required to be able to detect fraud in the event of fraud in carrying out their audit duties. The problem that arises is that auditors also have limitations in detecting fraud. The limitations possessed by the auditor will cause a gap in expectations between auditor service users who hope that the auditor can provide confidence that the financial statements presented do not contain misstatements and have reflected the actual situation.

Each auditor has different abilities in detecting fraud due to several factors, including the length of work, level of education, different levels of experience, and different skepticism (Hammersley: 2011). Research on factors that influence the ability of auditor fraud detection has been carried out (Noviyanti, 2008; Noviyani & Bandi 2002; Hammersley, 2011; Widiyastuti & Pamudji, 2009; Nasution & Fitriany, 2012, Nugraha, 2011). Auditing Standard 110, paragraph 04 describing the professional requirements of external auditors is the necessity of having education and experience in practicing as an auditor. Professional education and experience are two complementary things informing the most optimal professional competencies. The duration of work and experience that the

auditor has is what distinguishes the level of expertise (junior, mediator, senior, manager, and partner).

The auditor's working period shows the number of audit assignments, diversity, and the complexity of the audit assignments in various types of companies and industries. The duration of work is also an indicator of the level of experience of an auditor. Junior auditors with a work period of under two years have the task of evaluating internal controls, conducting test subtypes, confirming to customers' clients, preparing audit reports, and other administrative work. The task characteristics for novice auditors are simple tasks, are repetitive, and do not require complex analysis and consideration. The longer an auditor practices as an auditor, the more complex the tasks, assignments, and types of industries and require comprehensive analysis and knowledge to produce a quality audit (Utami, 2009; Nasution & Fitriany, 2012). Someone auditors with high flight hours and who are used to finding cheating may be more careful in detecting fraud than auditors with low flight hours. Experienced auditors are auditors who can detect, understand, and even look for the causes of the emergence of fraud (Battacharya,1994).

Auditing experience is also a factor that influences fraud detection capabilities (Noviyani & Bandi, 2002). This study concludes that experience has a positive effect on the auditor's knowledge of the type of error. Consistent with these findings, Bulchia (2008) stated that auditors who have experience tend to be able to detect fraud compared with the auditors who have less experience.

The frequency of fraud is rare, and not all auditors have faced fraud cases, so the auditor's experience related to fraud is relatively small. Auditors with minimal experience or have never found cheating will be more challenging to be able to detect fraud compared to auditors with a lot of experience and experience handling fraud cases. Junior auditors or apprentices must have minimal experience, but as an auditor, they are also required to be able to detect fraud even though their responsibilities are smaller than those of senior auditors. Experience is an important factor that influences the auditor's ability to detect fraud. The experience will provide lessons on the types and types of fraud that auditors have found (Hammersley, 2011).

To fulfill the requirements as a professional, the auditor must undergo adequate training. The training can take the form of activities such as seminars, symposia, training workshops, and other skills support

activities. Through the training program, the auditors also experience a socialization process to adjust to changes in the situation that will be encountered (Noviyani & Bandi, 2002). The two researchers Noviyani and Bandi (2002), also provided empirical evidence that more training obtained by auditors would have a significant effect on the auditor's attention to the department where errors occur. Boner and Walker (1994) state that experience gained from special programs, in this case, through training programs, has a stronger influence on improving expertise than those obtained from traditional programs, in this case only with the existing curriculum without training. The results of this study obtain reinforcement from Fullerton and Durtschi (2004), which prove that professional skepticism and auditor training have a positive effect on the auditor's ability to detect fraud in the internal auditor.

Audit Standards 200 in SPAP (2013) outline the importance of professional skepticism for an auditor in assessing audit evidence. This standard also explains the notion of skepticism as a critical attitude in assessing the reliability of assertions or evidence obtained so that in carrying out the audit process, an auditor has sufficient confidence in an assertion or evidence he has obtained and also considers the adequacy and suitability of the evidence obtained.

Low auditor skepticism will cause the auditor will not be able to detect fraud because the auditor simply believes in the assertion given by management without having supporting evidence for the assertion. If the auditor's professional skepticism is high, the possibility of the ability to detect fraud is also higher. This difference poses a problem because the auditor's responsibility to be able to detect fraud is the same even though their level of skepticism is different (Noviyanti,2008)

In detecting fraud, most of the evidence of fraud is indirect evidence. The hint of cheating is usually indicated by the appearance of *symptoms* such as the presence of suspicious documentation, complaints from employees, or suspicions from colleagues. In the beginning, cheating will be reflected through the emergence of specific characteristics, which will be commonly known as *a red flag*, whether it is a condition or condition of the environment or a person's behavior.

Fraud triangle theory developed by Cressy (1973) explains the factors that trigger the fraud as follows 1) Pressure where the individual is under pressure to commit fraud. 2) Opportunities, namely situations that open opportunities for management or employees to commit fraud. 3)

Indonesian Management and Accounting Research
ISSN 2441-9724 (Online)
ISSN 1411-8858 (Print)

Volume 18
Number 02
July 2019

Rationalization or integrity fraud (lack of integrity), namely attitudes or characters that allow management or employees to take dishonest actions.

This study aims to reveal the factors that influence the fraud detection capabilities of external auditors in Jakarta. This research is different from previous research, namely, research conducted in Jakarta, involving respondents of external auditors with various levels of position and length of work, involving various public accounting firms in Jakarta.

LITERATURE REVIEW

Big Indonesian Dictionary (Sugiono, 2008) describes the definition of working time as a period people have to work, the duration of time a person is working at each job or position. In this study, the duration of work is the period practiced by someone as an auditor to the present. The auditor's working period is calculated from the time he first became an auditor until now, even though he has moved several times to a public accounting firm (if any). This career journey explains the length of time an auditor has worked and practiced as an auditor. The longer the auditor's working period, the higher the level of his career and the higher the complexity of the problem that must be faced

Auditor's work experience is considered an important factor that influences auditor performance. This experience helps complete the task more effectively and efficiently. Sucipto in Anggriawan (2014) defines experience as knowledge or expertise obtained from an event through direct observation or participating in the event. The financial report audit experience forms the auditor's sensitivity to consider and decide on three objectives of the financial statement audit, namely: (1) ensuring that financial transactions are properly recorded, (2) ensuring that the account balance is accurate, and (3) ensuring that all relevant information and material has been presented and expressed in financial statements (Arens et al., 2015). Based on the exposure to the 200 Audit Standards in SPAP (2013), an auditor will assess management assertions. The assertions are as follows. The assertion of occurrence that all recorded transactions have occurred. Statement of Existence is all assets and debts of an entity, in the financial statements, existed at the time of the audit. The assertion of completeness is all transactions and accounts that should be presented in the financial statements have been included therein. The assertion of rights and obligations, all the assets come into one's vision's rights entities, and debt is the obligation of the company on the date of the audit carried out to

completion. Assessment and allocation assertion, all components of assets, liabilities, income, and costs have been included in the financial statements in the amount that should be.

The assertion of presentation and disclosure that certain components in the financial statements are calcified explained and disclosed. Not all auditors can detect fraud even though they have experience in auditing and insurance. The more complex a task is, the less structured the task is so that more knowledge and skills are needed to complete the task.

The tertiary education curriculum in Indonesia has been developed by developing a curriculum that brings educational institutions closer to stakeholders as described in the Republic of Indonesia's Minister of Education and Culture Regulation No.73 of 2013 concerning the application of the Indonesian National Qualification Framework (*Kerangka Kualifikasi Nasional Indonesia*/KKNI) in Higher Education. Furthermore, it was explained that each study program must compile a description of the minimum learning outcomes referring to the IQF in the field of higher education by the level.

Advanced Professional Training and Education by IAPI requires the auditor to have basic knowledge competencies obtained through accounting higher education. Material knowledge and skills of higher education accounting refer to the International Education Standards - IFAC, the second standard (IES 2), as listed in the website IAI (IAI,2012). The purpose of this second standard is to ensure that prospective professional accountants have sufficient professional knowledge to function as competent accountants. This IES-2 regulates the content of knowledge that must be possessed by prospective professional accountants. Including Knowledge of accounting, finance, and knowledge that are relevant to include financial accounting and corporate reporting, management accounting and management control, taxation, business, and commercial law, auditing and assurance, financial management and ethics and values-professional value; Organizational and business knowledge, including knowledge about the economy, the business environment, corporate governance, capital markets, quantitative methods, organizational behavior, management and decision-making strategies, marketing, globalization, and international business; Knowledge of information technology includes general knowledge about information technology, control of information technology, use of information technology and

information system design. Furthermore, IAPI requires a Certified Public Accountant (CPA) certification.

Professional skepticism is an important matter and becomes a requirement when carrying out audit tasks. This profession's skepticism is a critical attitude in assessing reliability, suitability, and adequacy of assertions or evidence obtained so that they obtain adequate confidence in the evidence. Auditor skeptics will raise the question, (1) what you need to know, (2) how to obtain information appropriately, and (3) whether the information obtained reasonably.

An audit is designed to provide adequate assurance that financial statements are not affected by material misstatements and provide confidence in management's accountability for company assets. A misstatement is divided into two types, namely fraud and error. The thing that distinguishes between cheating and mistakes is the action that underlies the occurrence of misstatements in financial statements, in the form of intentional or unintentional actions. Fraud in financial statements that are not detected by the auditor creates losses for users of financial statements and other stakeholders.

Hypothesis Development

The duration of work determines the level of the auditor's position, which simultaneously describes the burden of duties and responsibilities in a public accounting firm. The task of accountant staff (junior auditors) is more structured and lower in complexity. Senior auditors have a task structure and medium complexity, while audit managers and partners have unstructured tasks and high complexity, based on audit task characteristics mapped by Abdolmohammadi (1991). The duration of work also shows the accumulation of knowledge and skills possessed while practicing as an auditor. The characteristics of audit tasks vary with a variety of assignments. Various corporate/industry clients provide knowledge and practice for auditors. The uniqueness of each client requires a unique and different treatment between one client and another client. Each auditor can become an expert by his position or position because he does repetitive work of his nature, develops a variety of ways of finding information to know, understands the problem, weighs various choices, and make that choice. Shanteau (1991) explained that one of the professions that have good quality decision making are auditors, accountants, besides chess masters, mathematicians, and several other professions.

A more comprehensive understanding of the tasks faced, and relevant information will improve the performance of detection of fraud indications by auditors. Based on the above explanation, the research hypothesis is presented as follows:

H1: Audit Tenure has a positive effect on the ability of the external auditor to detect fraud.

Koroy (2008) explained that only a few auditors were able to detect fraud because they were not experienced enough to detect fraud. Meanwhile, fraud detection experience will improve the ability of detection only when the experience comes from the same industry. Loebecke et al. (1989) proved that KPMG Peat Marwick partners detected only 77 out of 1050 audit cases or only 0.32 percent of fraud cases throughout the auditor's career. Based on the above explanation, the research hypothesis is formulated as follows:

H2: The experience of detecting fraud has a positive effect on the ability of the external auditor to detect fraud.

Higher education provides an adequate accumulation of knowledge for auditors to carry out audit tasks. No.4 point PSA (02) in SPAP (2013) expressly states that audits can only be carried out by those who have adequate education and experience in auditing.

Ha3: Auditor's education level has a positive effect on fraud detection capabilities at external auditors

Suraida (2005) measures competence with the number of certificates/certificates held by auditors and also measured by the number of auditor participation in training, symposiums, and seminars. In other words, it is expected that with more or more frequent auditors participating in seminar and training activities that are relevant to their duties (measured by the number of certificates), auditors will be better able to improve their capabilities and performance so that quality and reliable audit results can be produced. Based on the above explanation, the fifth research hypothesis is formulated as follows:

Ha4: Fraud audit training has a positive effect on the ability of the external auditor to detect fraud.

An auditor must be skeptical about completing his task. Professional skepticism is incorporated into the professional literature that requires auditors to evaluate the possibility of material fraud. Also, it can be interpreted as an option to fulfill its professional audit duties to

prevent and reduce the consequences of hazards and behavior of others (SPAP, 2001). Noviyanti (2008) states that auditors with identification-based trust rates, when given high fraud risk assessments, will show higher professional skepticism in detecting fraud. Therefore, auditors who are given high fraud risk assessments are more skeptical than not given fraud risk assessments. Fullerton and Durtschi (2004) state that auditors with high skepticism will improve their ability to detect them by developing searches.

> Ha5: Professional skepticism has a positive effect on the ability of the external auditor to detect fraud.

METHODS

This type of research is hypothesis testing. The research method used is the survey method. The unit of analysis of this study is a group, combined from external auditors from a public accounting firm in Jakarta. Data collection was carried out during April 2015 by visiting the Public Accounting Firm, who had been willing to participate in this study. The type of data used is primary data and is *a cross-section*; data is collected only once.

There are five independent variables measured by 1 question, and two variables measured by two research instruments. Measurement of each research variable is described below:

1. Audit Tenure is measured by one question, with a 5-point range of answers. The minimum working period is less than two years, and the maximum is more than eight years. A work period of fewer than two years shows the level of temporary junior auditor to become a partner requires a work period of more than 8 to 10 years career in a Public Accounting Firm.
2. The experience of detecting fraud was measured by 1 question with four answer choices. The experience of detecting the lowest fraud is less than seven times, while the highest is more than 25 times.
3. Education level is measured by 1 question with five answer choices. The lowest education for a career in Public Accounting Firm as an auditor is a minimum of three Diploma, and the highest is Doctoral.
4. Fraud audit training is measured by 1 question with two answer choices, having attended training, or never attended the training.
5. Professional skepticism is measured by an instrument developed by Hurrt (1999) with 17 items of statements with answer ranges strongly disagreeing (1) to strongly agree (5).

6. Fraud Detection Capability is measured by an instrument developed by Fullerton and Dutschi (2004), containing 24 items with a range of answers (1) no need to search for information at all until (5) to find information intensely until it is clear.

Before going to the hypothesis testing stage to find out whether the data is feasible or not used first, the data in the study must pass the classic assumption test. The classic assumption test includes 1) Normality Test, 2) Autocorrelation Test, 3) Multicollinearity Test.

This study uses multiple linear regression analysis. Multiple linear regression is a general statistical method used to examine the relationship between a dependent variable (Y) with several independent variables (X), with the following equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Descriptions:

Y: Fraud Detection Capabilities

a: Constant

b: Coefficient

X_1: Audit Tenure

X_2 = Experience Detecting Fraud.

X_3 = Auditor education level

X_4 = Fraud audit training

X_5 = Professional skepticism

e = Error

Result

Table 1. Regression Test Result

	Tolerance	VIF	sig	information
(Constant)				
Audit Tenure	, 397	2,52	0,143	not significant
Experience Fraud Detection	**, 712**	**1,405**	0,015	significant
Auditor's Education level	**, 857**	**1,166**	0,008	significant
Fraud Audit Training	, 942	1,062	0,161	not signicant
Profesionalskepticism	**, 916**	**1,091**	0.000	significant

a. Dependent Variabel : fraud detection

Indonesian Management and Accounting Research
ISSN 2441-9724 (Online)
ISSN 1411-8858 (Print)

Volume 18
Number 02
July 2019

Table 2. Coefficient of determination test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	, 532 (a)	, 283	, 244	, 399906	1,846

a Predictors: (Constant), auditor's tenure, experience fraud detection, auditor education level, fraud audit training, professional skepticism.
b Dependent Variable: Fraud detection

Table 3. ANOVA F Test (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7,064	6	1,177	7,361	, 000 (a)
	Residual	17,912	112	,160		
	Total	24,975	118			

a Predictors: (Constant), auditor's tenure, fraud detection experience, auditor education level, fraud audit training, professional skepticism.
b Dependent Variable: Fraud detection

Table 4. T-Test Results

	Unstandardized Coefficients	Standardized Coefficients	T	Sig.	Information
	B	Beta			
(Constant)	2,006		5,587	.000	
Audit Tenure	, 128	, 136	1,071	, 143	H 1 Rejected
Experience Fraud Detection	**, 192**	**, 208**	**2,197**	**, 015**	H2 Accepted
Auditor's Education Level	**, 229**	**, 212**	**2,45**	**, 008**	H3 Accepted
Fraud Audit Training	-, 076	-, 082	-998	, 161	H4 Rejected
Professional skepticism	**, 382**	**, 339**	**4,05**	**.000**	H5 Accepted

DISCUSSION

The result of linear regression analysis on the T-test of hypothesis 1 (H1) can be seen that the length of work does not affect the ability of fraud detection. The significance level shows a value of 0,143 greater than 0,05, meaning that the length of work does not necessarily increase knowledge about accounting fraud practice. This finding is consistent with Merchant's (1999) research that diverse experiences do not give rise to the specific expertise of an accountant.

The result of linear regression on the of test hypothesis 2 (H2) can be seen that the experience of fraud detection affects the ability of fraud

detection where the significance level of 0,015 in less than 0,05 in line with Asare's (2014) that the auditor's expertise includes knowledge training and special experience about auditing fraud can improve the performance of detection by auditors.

The result of the linear regression analysis T-test on hypothesis 3 (H3) can be seen that the level of education affects the ability to detect fraud with a significance level of 0,008 less than 0,05 in line with Dharmawan research (2014). The more formal education, the higher the ability of fraud detection.

The results of linear regression analysis   T-test on hypothesis 4 (H4) that the auditor training did not affect the ability to detect fraud, with a significance level of 0,161 greater than 0,05 not in line with Fullerton & Durtschi (2004) study, stated there was an increase from low to high after the cheating audit training was completed.

The result of linear regression analysis T-test on hypothesis 5 (H5) seen that skepticism affects the ability to detect fraud, with a significance level of 0,00 smaller than 0,05, in line with research by Nasution & Fitriany (2012) & Anggriawa (2014) that the higher the professional skepticism inherent in the auditor has a positive influence on the ability to detect fraud.

CONCLUSION

Based on the results of testing the hypothesis of this study it can be concluded that: the amount of work as an auditor does not affect fraud detection capabilities; The experience of detecting fraud affects fraud detection capabilities; The level of auditor education affects fraud detection capabilities; Training fraud audit/accounting forensic does not affect the ability of fraud detection and skepticism professional affect fraud detection capabilities

Some limitations in this study are the research respondents only came from seven Public Accounting Firms in Jakarta with an unbalanced comparison of the number of respondents involved in this study. This limitation might lead to a bias of auditor representation of the three most Public Accounting Firm respondents.; The proportion of inexperienced auditors (<2 years, junior/senior auditors, have never studied cheating audits/forensic accounting, have never detected fraud) reached 40% of the total respondents, thus affecting the results of the study; Six items in the instrument of professional skepticism were omitted from the data due to

the low validity and reliability of the instrument. The six items of the statement are questions that have reversal answers, but the respondents are not careful in reading the statement.

This research has limitations that must be corrected by the next researcher. Such as expanding the sample by involving more external auditors from various sizes of the Public Accounting Firm in Jakarta. Moreover, in other big cities, especially in cities that are considered to have a high level of corruption based on the classification of the Corruption Eradication Commission (*Komisi Pemberantasan Korupsi*/KPK). Re-examine this research by using a sample of internal auditors who should be the front guard to detect fraud occurring in their corporations and using samples with auditors who have experience in fraud detection practices, know about fraud audits and forensic accounting. This test more accurately measures the fraud detection capabilities of expert auditors.

REFERENCES

Abdolmohammadi, M. (1999). A Comprehensive Taxonomy of Audit Task Structure, Professional Rank, and Decision Aids for Behavioral Research. *Behavioral Research in Accounting, Vol. 11*, 51-92.

Anggriawan, E. F. (2014). Pengaruh Pengalaman Kerja, Skeptisme Profesional dan Tekanan Waktu Terhadap kemampuan auditor dalam Mendeteksi Fraud (Studi Empiri*s Pada* KAP di DIY). *Jurnal Nominal, Vol.III, No. 2* , 101-116.

Arens, A. A., Elder, R. J., & Beasley, M. S. (2015). *Auditing and Assurance Service: An Integrated Approach 15th edition.* England: Pearson Education.

Asare, S. (2014, November 20). Accessed November 06, 2015, from pcaobus: http://pcaobus.org/News/Events/Documents/ 11202014_SAG/Asare.pdf

Ashton, A. (1991). Experience and Error Frequency Knowledge as Potential Determinants of Audit Expertise. *The Accounting Review, Vol.66 No. 2*, 218-239.

Battacharya, S. (1994). *The Use of Recall And Recognition Technique In Eliciting Experienced-Inexperience Auditor In the Detection of Management Fraud.* Tampa, Florida: Dissertation, University of South Florida.

Beasley, M., Carcello, J., & Hermanson, D. (2001). Top 10 Audit Deficiencies. *Journal of Accountancy Vol.191, No.4*, 63-66.

Bonner, S., & Walker, P. (1994). The Effects of Instruction and Experience on The Acquisition of Auditing Knowledge. *The Accounting Review Vol.69, No. 1*, 157-178.

Bulchia. (2008). *Analisis Pengaruh Pengalaman dan Pelatihan Auditor Terhadap Pengetahuan Audtior Dalam Mendeteksi Kecurangan.* Jakarta: Naskah Publikasi Universitas Islam Negri Syarif Hidayatullah.

Cressey, D. R. (1973). *Other People's Money.* Montclair: Patterson, Smith.

Fullerton, R. R., &Durtschi, C. (2004, November 11). *The Effect of Professional skepticism on The Fraud Detection Skills of Internal Auditors.* Taken on January 15, 2015, from SSRN: http://papers.ssrn.com/sol3/

Hammersley, J. L. (2011). A Review and Model of Auditor Judgments in Fraud-Related Planning Tasks. *Auditing Vol. 30, No.4*, 101-128.

IAI. (2012). *Home: PPA: Standar Pendidikan Internasional* IFAC. Accessed November 06, 2015, from IAI GLOBAL: http://www.iaiglobal.or.id

IAPI, D. (2013). *Standar Profesional Akuntan Publik .* Jakarta: Salemba Empat.

Jamal, K., Johnson, P., & Berryman, G. (1995). Detecting Framing Effects in Financial Statements. *Contemporary Accounting Research, Vol. 12, No. 1*.

Johnson, P., Jamal, K., & Berryman, R. (1991). Effects of Framing on auditor Decision. *Organizational Behavior and Human Decision Processes, October* 75-105.

Johnson, N. (1987). Auditor Detected Errors and Related Client Traits - A Study of Inherent and Control Risks in A Sample of U.K. Audits. *Journal of Business Finance* & Accounting Vol.14 (Spring)., 39-64.

KPMG. (2015). *Career Path - Direct-to-Audit.* Accessed June, 11, 2015, from KPMG CUTTING THROUGH COMPLEXITY: http://www.kpmg.com

Koroy, T. R. (2008). PendeteksianKecurangan (Fraud) Laporan Keuangan oleh Auditor Eksternal. Jurnal Akuntansi dan Keuangan Vo. 10, No.1 (Mei), 22-33.

Loebecke, J., Eining, M., & Willingham, J. (2008). Auditors' Experience with Material Irregularities, Frequency, Nature, and Detectability. *Auditing: A Journal of Practice and Theory, Vol. 9*, 1-28.

Indonesian Management and Accounting Research
ISSN 2441-9724 (Online)
ISSN 1411-8858 (Print)

Volume 18
Number 02
July 2019

LLP, K. (2015). *Career Path-Direct-to-Audit.* AccessedJune, 11, 2015, http://www.kpmg.com

MentriKeuangan RI. (2002). *Keputusan Menteri KeuanganRepublik Indonesia No. 423/KMK.06/2002 TentangJasaAkuntanPublik .*

Merchant, G. (1990). Discussion of Determinants of Auditor Expertise. *Journal of Accounting Research Vo.28 (Supplement)*, 1-20.

Nasution, H., &Fitriany. (2012). Pengaruh Beban Kerja, Pengalaman Audit dan Tipe Kepribadian Terhadap Skeptisme Profesional dan Kemampuan Auditor dalam Mendeteksi Kecurangan. *Simposium Nasional Akuntansi* XV (hal. 481-488). Banjarmasin: Ikatan Akuntan Indonesia.

Noviyani, P., & Bandi. (2002). Pengaruh Pengalaman dan Pelatihan Terhadap Struktur Pengetahuan Auditor Tentang Kekeliruan. *Simposium Nasional Akuntansi V* (hal. 481-488). Semarang: IkatanAkuntan Indonesia.

Noviyanti, S. (2008). Skeptisme Profesional *Auditor Dalam Mendeteksi Kecurangan. JurnalAkuntansi Dan Keuangan Indonesia Vol. 5 No.1*, 102-125.

Nugraha, A. B. (2011). Pengaruh Pengalaman, Due Profesional Care dan Independensi Audtior Terhadap Kualitas Audit (Survey pada Auditor Inspektoral dan BPK RI Perwakilan Provinsi Jawa Barat). *UniversitasKomputer Indonesia .*

Pendidikan dan KebudayaanRepublik Indonesia, Mentri. (2013). *PeraturanMentri Pendidikan dan KebudayaanRepublik Indonesia No.73 Tahun 2013 TentangPenerapanKerangkaKualifikasi Nasional Indonesia Bidang Pendidikan Tinggi.*

Ponemon, L., & Wendell, J. P. (1995). Judgemental Versus Random Sampling in Auditing: An Experimental Investigation. *Auditing, Vol. 14, No. 2, Fall*, 17-.

Shanteau, J. (1992). Competence in Experts: The Role of Task Characteristics. *Organizational Behavior and Human Decision Processes, Vol. 53*, 252-266.

Sugiono, D. (2008*). KamusBesar Bahasa Indonesia Pusat Bahasa Edisi Keempat.* Jakarta, Indonesia: PT. Gramedia. Pustaka Utama.

Tim Penyusun KKNI Dikti 2013. (2015, May 01). *KKNI dan Implikasinya Pada Dunia Kerja dan Perguruan Tinggi*. Accessed November 01, 2015, frombpa.uad: http://bpa.uad.ac.id/wp-content/uploads/2015/05/1.-KKNI-dan-impklikasinya.pdf

Utami, R. (2009). *Analisis Perbedaan Profesionalisme Audtior Senior dan Auditor Yunior (Studiterhadap Auditor yang Bekerja Pada KAP di Malang).* Malang: Naskah Publikasi Universitas Muhammadiyah Malang.

Widiyastuti, M., &Pamuji, S. (2009). Pengaruh Kompetensi, Independensi dan Profesionalisme Terhadap Kemampuan Audtior dalam Mendeteksi Kecurangan (Fraud). *Jurnal Ilmiah Studi Manajemen Universitas Muhammadiyah Semarang Vol. 5 No.2*, 52-73.

Determinant Factors Affecting Fraud Detection Capabilities to The External Auditor in Jakarta

by Triana Yuniati

DETERMINANT FACTORS AFFECTING FRAUD DETECTION CAPABILITIES TO THE EXTERNAL AUDITOR IN JAKARTA

Triana Yuniati*
Faculty of Economics, Universitas Bhayangkara, Jakarta, Indonesia
trianayuniati@ymail.com

and
Erliana Banjarnahor
Faculty of Economics and Business, Universitas Trisakti, Jakarta, Indonesia
erliana@trisakti.ac.id

Abstract

The perspective of this study provides empirical evidence on the factors that affect the auditor's fraud detection ability. There are effective research hypotheses with auditor tenure, fraud detection experience, level of education, fraud training, prof professional skepticism. This study is hypothesis-testing research, Respondents are 120 auditors from seven public accounting firms in Jakarta participated in this study, thought a questionnaire. Data collected is done during April 201 5 by visiting the public accounting firm that has been willing to participate in this study. The type of data used is primary data and is a cross-section, data is collected only once. Conclusion of the study is auditor tenure, fraud training does not affect the ability to detect fraud. While fraud detection experience, the auditor's level of education and professional skepticism positively influence fraud detection capability. Limitations, suggestions and research implications are described at the end of this report.

Keywords: auditor tenure, fraud detection experience, level of education, fraud training, professional skepticism, external auditor.
JEL Classification:

*corresponding author

INTRODUCTION

The Public Accounting Firm is an organization engaged in services. Services provided are in the form of operational audit services, compliance audits, and financial report audits (Arens, Elder, and Beasley: 2015). The public accounting firm in carrying out its profession is regulated by a professional code of ethics. In Indonesia, it is known as the Indonesian Accountant Code of Ethics. Besides that, with the existence of a code of ethics, the community will assess the extent to which an auditor has worked by the ethical standards set by his profession.

One of the roles of external auditors, as described in Auditing Standard 200 paragraph 11a in Standard Profesional Akuntan Publik (SPAP: 2013), is to provide confidence to

interested parties that financial statements have been prepared according to applicable standards and reflect the actual condition of a business entity. Besides, the role of external auditors is to ensure that financial statements do not contain material misstatements caused by mistakes or fraud. The difference between the two lies in the underlying action. Misstatements contain an element of accident, while cheating contains intentional element.

Fraud is increasingly prevalent in various ways that continue to grow so that the auditor's ability to detect fraud must also be continuously improved. However, auditors are required to be able to detect fraud in the event of fraud in carrying out their audit duties. The problem that arises is that auditors also have limitations in detecting fraud. The limitations possessed by the auditor will cause a gap in expectations between auditor service users who hope that the auditor can provide confidence that the financial statements presented do not contain misstatements and have reflected the actual situation.

Each auditor has different abilities in detecting fraud due to several factors including the length of work, level of education, different levels of experience and different skepticism (Hammersley: 2011). Research on factors that influence the ability of auditor fraud detection has been carried out (Noviyanti: 2008; Noviyani and Bandi: 2002; Hammersley: 2011; Widiyastuti and Pamudji: 2009; Nasution and Fitriany: 2012, Nugraha: 2011). Auditing Standard 110 paragraph 04 describing the professional requirements of independent auditors is the necessity of having education and experience in practicing as an auditor. Professional education and experience are two complementary things informing the most optimal professional competencies. The duration of work and experience that the auditor has is what distinguishes the level of expertise (junior, mediator, senior, manager, and partner).

The auditor's working period shows the number of audit assignments, the diversity, and complexity of the audit assignments in various types of companies and industries. Duration of work is also an indicator of the level of experience of an auditor. Junior auditors with a work period of under two years have the task of evaluating internal controls, conducting test subtypes, confirming to customers' clients, preparing audit reports and other administrative work. The task characteristics for novice auditors are simple tasks, are repetitive and do not require complex analysis and consideration. The longer an auditor practices as an auditor, the more complex the tasks, assignments, and types of industries and require comprehensive analysis and knowledge to produce a quality audit (Utami: 2009; Nasution and Fitriany: 2012). Someone auditors with high flight hours and who are used to finding cheating may be more careful in detecting fraud than auditors with low flight hours. Experienced auditors are auditors who can detect, understand and even look for the causes of the emergence of fraud (Battacharya: 1994).

Auditing experience is also a factor that influences fraud detection capabilities (Noviyani and Bandi: 2002). This study concludes that experience has a positive effect on the auditor's knowledge of the type of error. Consistent with these findings, Bulchia (2008) stated that auditors who have experience tend to be able to detect fraud compared with the auditors who have less experience.

The frequency of fraud is rare and not all auditors have faced fraud cases, so the auditor's experience related to fraud relatively small. Auditors with minimal experience or have never found cheating will be more difficult to be able to detect fraud compared to auditors with a lot of experience and experience handling fraud cases. Junior auditors or

apprentices must have very little experience, but as an auditor, they are also required to be able to detect fraud even though their responsibilities are smaller than those of senior auditors. Experience is an important factor that influences the auditor's ability to detect fraud. The experience will provide lessons on the types and types of fraud that auditors have found (Hammersley; 2011).

To fulfill the requirements as a professional, the auditor must undergo adequate training. The training can take the form of activities such as seminars, symposia, training workshops, and other skills support activities. Through the training program, the auditors also experience a socialization process to adjust to changes in the situation that will be encountered (Noviyani and Bandi: 2002). The two researchers Noviyani and Bandi (2002) also provided empirical evidence that more training obtained by auditors would have a significant effect on the auditor's attention to the department where errors occur. Boner and Walker (1994) which state that experience gained from special programs, in this case through training programs has a greater influence on improving expertise than those obtained from traditional programs, in this case only with the existing curriculum without training. The results of this study obtain reinforcement from Fullerton and Durtschi (2004) which prove that professional skepticism and auditor training have a positive effect on the auditor's ability to detect fraud in the internal auditor.

Audit Standards 200 in SPAP (2013) outline the importance of professional skepticism for an auditor in assessing audit evidence. This standard also explains the notion of skepticism as a critical attitude in assessing the reliability of assertions or evidence obtained so that in carrying out the audit process an auditor has sufficient confidence in an assertion or evidence he has obtained and also considers the adequacy and suitability of the evidence obtained.

Low auditor skepticism will cause the auditor will not be able to detect fraud because the auditor simply believes in the assertion given by management without having supporting evidence for the assertion. If the auditor's professional skepticism is high, the possibility of the ability to detect fraud is also higher. This difference poses a problem because the auditor's responsibility to be able to detect fraud is the same even though their level of skepticism is different (Noviyanti: 2008)

In detecting fraud, most of the evidence of fraud is indirect evidence. The hint of cheating is usually indicated by the appearance of *symptoms* such as the presence of suspicious documentation, complaints from employees or suspicions from colleagues. In the beginning, cheating will be reflected through the emergence of certain characteristics which will be commonly known as *a red flag*, whether it is a condition or condition of the environment or a person's behavior.

Fraud triangle theory developed by Cressy (1973) explains the factors that trigger the fraud as follows 1) Pressure where the individual is under pressure to commit fraud. 2) Opportunities, namely situations that open opportunities for management or employees to commit fraud. 3) Rationalization or integrity fraud (lack of integrity), namely attitudes or characters that allow management or employees to take dishonest actions.

This study aims to reveal the factors that influence the fraud detection capabilities of external auditors in Jakarta. This research is different from previous research, namely, research conducted in Jakarta, involving respondents of external auditors with various levels of position and length of work, involving various public accounting firm in Jakarta.

LITERATURE REVIEW

Big Indonesian Dictionary Kamus Besar Bahasa Indonesia (Sugiono; 2008) describes the definition of working time as a period people have to work, the duration of time a person is working at each job or position. Especially in this study the duration of work is defined as the duration of time an auditor has practiced as an auditor to date. The auditor's working period is calculated from the time he first became an auditor until now, even though he has moved several times to public accounting firm (if any). This career journey explains the length of time an auditor has worked and practiced as an auditor. The longer the auditor's working period the higher the level of his career and the higher the complexity of the problem that must be faced

Auditor's work experience is considered an important factor that influences auditor performance. This experience helps complete the task more effectively and efficiently. Sucipto in Anggriawan (2014) defines experience as knowledge or expertise obtained from an event through direct observation or participating in the event. The financial report audit experience forms the auditor's sensitivity to consider and decide on three objectives of the financial statement audit, namely: (1) ensuring that financial transactions are properly recorded, (2) ensuring that the account balance is accurate, and (3) ensuring that all relevant information and material has been presented and expressed in financial statements (Arens et al. 2015). Based on the exposure to the 200 Audit Standards in SPAP (2013) an auditor will assess management assertions including Assertion of occurrence, all recorded transactions have occurred; Assertion of existence, that all assets and debt of an entity recognized in the financial statements exist at the time of the audit; Assertion completeness, that all transactions and accounts that should be presented in the financial statements have been included therein; Assertion of rights and obligations, that all the assets come into one's vision k 's rights entities and debt is the obligation of the company on the date of the audit carried out to completion; Assessment and allocation assertion, that all components of assets, liabilities, income, and costs have been included in the financial statements in the amount that should be.

The assertion of presentation and disclosure, that certain components in the financial statements are calcified, explained and disclosed. Not all auditors can detect fraud even though they have experience in auditing and insurance. The more complex a task, the more unstructured, the more knowledge and skills needed to complete the task.

The tertiary education curriculum in Indonesia has been developed by developing a curriculum that brings educational institutions closer to stakeholders as described in the Republic of Indonesia's Minister of Education and Culture Regulation No.73 of 2013 concerning the application of the Indonesian National Qualification Framework (Kerangka Kualifikasi Nasional Indonesia/KKNI) in Higher Education. Furthermore, it was explained that each study program must compile a description of the minimum learning outcomes referring to the IQF in the field of higher education by the level.

Advanced Professional Training and Education by IAPI requires the auditor to have basic knowledge competencies obtained through accounting higher education. Material knowledge and skills of higher education accounting refer to the International Education Standards - IFAC, the second standard (IES 2) as listed in the website IAI (IAI: 2012). The purpose of this second standard is to ensure that prospective professional accountants have sufficient professional knowledge to function as competent accountants. This IES-2 regulates the content of knowledge that must be possessed by prospective professional

accountants including: Knowledge of accounting, finance and knowledge that are relevant to include financial accounting and corporate reporting, management accounting and management control, taxation, business and commercial law, auditing and assurance, financial management and ethics and values-professional value; Organizational and business knowledge, including knowledge about the economy, the business environment, corporate governance, capital markets, quantitative methods, organizational behavior, management and decision-making strategies, marketing, globalization and international business; Knowledge of information technology includes general knowledge about information technology, control of information technology, use of information technology and information system design. Furthermore, IAPI requires a Certified Public Accountant (CPA) certification.

Professional skepticism is an important matter and becomes a requirement when carrying out audit tasks. This profession's skepticism is a critical attitude in assessing reliability, suitability, and adequacy of assertions or evidence obtained so that he obtains adequate confidence in the evidence. Auditor skeptics will raise the question (1) what you need to know, (2) how to obtain information appropriately, and (3) whether the information obtained reasonably.

An audit is designed to provide adequate assurance that financial statements are not affected by material misstatements and provide confidence in management's accountability for company assets. A misstatement is divided into two types, namely fraud, and error. The thing that distinguishes between cheating and mistakes is the action that underlies the occurrence of misstatements in financial statements, in the form of intentional or unintentional actions. Fraud in financial statements that are not detected by the auditor creates losses for users of financial statements and other stakeholders.

Hypothesis Development

The duration of work determines the level of the auditor's position which simultaneously describes the burden of duties and responsibilities in public accounting firm. The task of accountant staff (junior auditors) is more structured and low in complexity. Senior auditors have a task structure and medium complexity while audit managers and partners have unstructured tasks and high complexity, based on audit task characteristics mapped by Abdolmohammadi (1991). Duration of work also shows the accumulation of knowledge and skills possessed while practicing as an auditor. The characteristics of audit tasks vary with a variety of assignments, various corporate / industry clients provide knowledge and practice for auditors. The uniqueness of each client requires a unique and different treatment between one client and another client. Each auditor can become an expert by his position or position because he does repetitive work of his nature, develops a variety of ways of finding information to know, understands the problem, weighs various choices and make that choice. Shanteau (1991) explained that one of the professions that have good quality decision making are auditors, accountants, besides chess masters, mathematicians, and several other professions.

A more comprehensive understanding of the tasks faced and relevant information will improve the performance of detection of fraud indications by auditors. Based on the above explanation, the research hypothesis is presented as follows:

Ha1: Audit Tenure has a positive effect on fraud detection capabilities at independent auditors.

Koroy (2008) explained that only a few auditors were able to detect fraud because they were not experienced enough to detect fraud. Meanwhile, fraud detection experience will improve the ability of detection only when the experience comes from the same industry. Loebecke et al. (1989) proved that only 77 out of 1050 audit cases or only 0.32 percent of fraud cases were detected by KPMG Peat Marwick partners throughout the auditor's career. Based on the above explanation, the research hypothesis is formulated as follows:

Ha2: The experience of detecting fraud has a positive effect on fraud detection at independent auditors

Higher education provides an adequate accumulation of knowledge for auditors to carry out audit tasks. No.4 point PSA (02) in SPAP (2013) expressly states that audits can only be carried out by those who have adequate education and experience in auditing.

Ha3: Auditor's education level has a positive effect on fraud detection capabilities at independent auditors

Suraida (2005) measures competence with the number of certificates/certificates held by auditors and also measured by the number of auditor participation in training, symposiums, and seminars. In other words, it is expected that with more or more frequent auditors participating in seminar and training activities that are relevant to their duties (measured by the number of certificates), auditors will be better able to improve their capabilities and performance so that quality and reliable audit results can be produced. Based on the above explanation, the fifth research hypothesis is formulated as follows:

Ha4: Fraud audit training has a positive effect on fraud detection capabilities at independent auditors

An auditor must be skeptical in completing his task. Professional skepticism is incorporated into the professional literature that requires auditors to evaluate the possibility of material fraud. Also, it can be interpreted as an option to fulfill its professional audit duties to prevent and reduce the consequences of hazards and behavior of others (SPAP 2001: 230.2). Noviyanti (2008) states that auditors with identification-based trust rates, when given high fraud risk assessments, will show higher professional skepticism in detecting fraud. Therefore auditors who are given high fraud risk assessments are more skeptical than not given fraud risk assessments. Fullerton and Durtschi (2004) state that auditors with high skepticism will improve their ability to detect them by developing searches.

Ha5: Professional skepticism has a positive effect on fraud detection capabilities at independent auditors

METHODS

This type of research is hypothesis testing. The research method used is the survey method. This method is a method of collecting primary data obtained directly from survey respondents. Data obtained by distributing questionnaires containing a series of written statements that must be filled out by respondents based on their perceptions. The unit of analysis of this study is a group, combined from independent auditors from public

accounting firm in Jakarta. Data collection was carried out during April 2015 by visiting the Public Accountants Firm who had been willing to participate in this study. The type of data used is primary data and is *a cross-section*, data is collected only once.

There are 5 independent variables measured by 1 question, and two variables measured by two research instruments. Measurement of each research variable is described below:

1. Audit Tenure is measured by one question, with a 5-point range of answers. The minimum working period is less than two years and the maximum is more than 8 years. A work period of fewer than two years shows the level of temporary junior auditor to become a partner requires a work period of more than 8 to 10 years career in a Public Accounting Firm.
2. The experience of detecting fraud was measured by 1 question with four answer choices. The experience of detecting the lowest fraud is less than 7 times, while the highest is more than 25 times.
3. Education level is measured by 1 question with five answer choices. The lowest education for a career in Public Accounting Firm as an auditor is a minimum of three Diploma, and the highest is Doctoral.
4. Fraud audit training is measured by 1 question with two answer choices, having attended training or never attended training.
5. Professional skepticism is measured by an instrument developed by Hurrt (1999) with 17 items of statements with answer ranges strongly disagreeing (1) to strongly agree (5).
6. Fraud Detection Capability is measured by an instrument developed by Fullerton and Dutschi (2004), containing 24 items with a range of answers (1) no need to search for information at all until (5) to find information intensely until it is clear.

Before going to the hypothesis testing stage to find out whether the data is feasible or not used first, the data in the study must pass the classic assumption test. The classic assumption test includes 1) Normality Test, 2) Autocorrelation Test, 3) Multicollinearity Test.

This study uses multiple linear regression analysis, multiple linear regression is a general statistical method used to examine the relationship between a dependent variable (Y) with several independent variables (X), with the following equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Descriptions:
Y: Fraud Detection Capabilities
a: Constant
b: Coefficient
X1: Audit Tenure
X2 = Experience Detecting Fraud.
X3 = Auditor education level
X4 = Fraud audit training
X5 = Professional skepticism
e = Error

DISCUSSION

This study uses primary data obtained through the distribution of questionnaires to external auditors. The Firm of Public Accountants in Jakarta participated in this study, are 7 the public accountant firms with a high rate of return of 98%. Distribution of questionnaires can be seen in the following table.

Table 1. Distribution of Research Questionnaires

Purpose	Total	
	Sent	Back
DBS Public Accountant Firm	30	30
Bambang Sudaryono & Rekan Public Accountant Firm	20	20
Moore & Steven Public Accountant Firm	30	28
EY Public Accountant Firm	10	10
Tendy Wato Public Accountant Firm	10	10
BDO Public Accountant Firm	15	15
Budiman, Wawan Public Accountant Firm	10	10
Number of questionnaires returned	125	123
Incomplete		3
Valid questionnaire		120

Source: Primary data processed, 2015

Table 2. Data Quality Test

No.	Variable	Item	Coefficient	
			Validity	Reliability
1	Professional skepticism	16	> 0.3595	0.8691
2	Fraud Detection Capabilities	24	> 0, 2166	0.8 615

Source: Primary data processed, 2015

Professional skepticism variables show the validity coefficient above 0.25 and the Cronbach alpha coefficient of 0.8691. There were 17 initial statements, and C4 items were omitted because the inter-correlation of correlated items was below 0.25. So, only 16 items of professional skepticism will be processed in this study.

The fraud detection variable consists of 24 items statement showing all valid and reliable items with coefficients validity above 0.20 and Cronbach Alpha coefficient of 0.8615.

Before doing a regression test, it is necessary to test the normality of the data. The purpose of this test is to find out whether the data used has a data distribution that is normal or not. The method used is the Kolmogorov-Smirnov test. Data is normally distributed if the significance exceeds 0.05.

Table 3. One-Sample Kolmogorov-Smirnov Test

		Professional skepticism	Fraud detection
N		120	120
Normal Parameters (a, b)	Mean	3,89010	3,60278
	Std. Deviation	,406906	,464167
Most Extreme Differences	Absolute	,099	,061
	Positive	,053	,040
	Negative	-,099	-,061
Kolmogorov-Smirnov Z		1,089	,674
Asymp. Sig. (2-tailed)		,187	,754

Test distribution is Normal.
b Calculated from data.

Table 4. Testing of Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,532 (a)	,283	,244	,399906	1,846

a Predictors : (Constant), auditor's tenure, experience fraud detection, auditor final education, training forensic auditing, professional skepticism.
b Dependent Variable: Fraud detection

Table 5. Regression Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Audit Tenure	,397	2,520
	Experience Fraud Detection	**,712**	**1,405**
	Auditor's Education level	**,857**	**1,166**
	Fraud Audit Training	,942	1,062
	Professional skepticism	**,916**	**1,091**

a Dependent Variable: Fraud detection

This table shows the coefficient of determination as indicated by the Adjusted R Square value of 0.2 44 indicating the accuracy of the model in explaining the observed variable is 2 4.4 %. Or it can be said that the behavior or variation of the dependent variable can be explained by its independent variable of 2 4.4 %. The rest, amounting to 7 5.6 % is the

behavior or variation of other independent variables that affect the dependent variable which is not included in

Table 6. Goodness of Fit Model
Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	, 532 (a)	, 283	, 244	, 399906	1,846

a Predictors: (Constant), auditor's tenure, experience fraud detection, auditor education level, fraud audit training, professional skepticism.
b Dependent Variable: Fraud detection

Test F Statistics (simultaneous test)

Anova test results in table 7. The following shows a significant number of 0.00. It means that all the independent variables in this study are jointly able to influence the dependent variable. Or fraud detection ability is influenced by auditor education, forensic training, audit frequency, frequency of fraud detection, auditor's work time, auditor position level, and professional skepticism.

Table 7. ANOVA F Test (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7,064	6	1,177	7,361	, 000 (a)
	Residual	17,912	112	,160		
	Total	24,975	118			

a Predictors: (Constant), auditor's tenure, , fraud detection experience, auditor education level, fraud audit training, professional skepticism.
b Dependent Variable: Fraud detection

If partial (*t-test*) is used to indicate whether an independent variable influences the dependent variable. This partial test is also carried out in the following two stages:
Formulation of the statistical hypothesis: Ho: $b_1 = 0$, it means that the independent variables partially have no significant effect on the dependent variable or Ha: $b_1 \neq 0$, meaning that the independent variables partially have a significant effect on the dependent variable. Decision: Sig. t <0.05 then Ho is rejected and Ha is accepted; Sig. t> 0.05 then Ho is accepted and Ha is rejected.

Table 8. T Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2,006	,359		5,587	.000		
	Audit Tenure	,128	,120	,136	1,071	,286	,397	2,520
	Experience Fraud Detection	**,192**	**,087**	**,208**	**2,197**	**,03**	**,712**	**1,405**
	Auditor's Education Level	**,229**	**,093**	**,212**	**2,450**	**,016**	**,857**	**1,166**
	Fraud Audit Training	-,076	,076	-,082	-998	,321	,942	1,062
	Professional skepticism	**,382**	**,094**	**,339**	**4,050**	**.000**	**,916**	**1,091**

A Dependent Variable: Fraud detection

CONCLUSION

Based on the results of testing the hypothesis of this study it can be concluded that: The amount of work as an auditor does not affect fraud detection capabilities; The experience of detecting fraud affects fraud detection capabilities; The level of auditor education affects fraud detection capabilities; Training fraud audit/accounting forensic does not affect the ability of fraud detection and Skeptisme professional affect fraud detection capabilities

Some limitations in this study are the research respondents only came from seven Public Accountant Firms in Jakarta with an unbalanced comparison of the number of respondents involved in this study. This might lead to a bias of auditor representation of the three most Public Accounting Firm respondents.; The proportion of auditors who are inexperienced (<2 years, junior/senior auditors, have never studied cheating audits/forensic accounting, have never detected fraud) reached 40% of the total respondents, thus affecting the results of the study; Six items in the instrument of professional skepticism were omitted from the data due to the low validity and reliability of the instrument. The six items of the statement are questions that have reversal answers, but the respondents are not careful in reading the statement.

This research has limitations that must be corrected by the next researcher if it will replicate or extend this research. Some things that must be observed such as : expanding the sample by involving more independent auditors from various sizes of the Public Accountant Firm in Jakarta, even in big cities, especially in cities that are considered to have a high level of corruption based on the classification of the Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK); Re-examine this research by using a sample of internal auditors who should be the front guard to detect fraud occurring in their corporations and using samples with auditors who have experience in fraud detection practices, have knowledge of fraud audits and forensic accounting k . This test more accurately measures fraud detection capabilities of expert auditors.

REFERENCES

Abdolmohammadi, M. (1999). A Comprehensive Taxonomy of Audit Task Structure, Professional Rank and Decision Aids For Behavioral Research. *Behavioral Research in Accounting, Vol. 11* , 51-92.

Anggriawan, E. F. (2014). Pengaruh Pengalaman Kerja, Skeptisme Profesional dan Tekanan Waktu Terhadap kemampuan auditor Dalam Mendeteksi Fraud (Studi Empiri*s Pada* KAP di DIY). *Jurnal Nominal, Vol.III, No. 2* , 101-116.

Arens, A. A., Elder, R. J., & Beasley, M. S. (2015). *Auditing and Assurance Service: An Integrated Approach 15th edition.* England: Pearson Education.

Asare, S. (2014, November 20). Accessed November 06, 2015, from pcaobus: http://pcaobus.org/News/Events/Documents/11202014 SAG/Asare.pdf

Ashton, A. (1991). Experience and Error Frequency Knowledge as Potential Determinants of Audit Expertise. *The Accounting Review, Vol.66 No. 2*, 218-239.

Battacharya, S. (1994). *The Use Of Recall And Recognition Technique In Eliciting Experienced-Inexperience Auptor In the Detection of Management Fraud.* Tampa, Florida: Dissertation, University of South Florida.

Beasley, M., Carcello, J., & Hermanson, D. (2001). Top 10 Audit Deficiencies. *Journal of Accountancy Vol.191, No.4*, 63-66.

Bonner, S., & Walker, P. (1994). The Effects of Instruction and Experience on The Acquisition of Auditing Knowledge. *The Accounting Review Vol.69, No. 1* , 157-178.

Bulchia. (2008). *Analisis Pengaruh Pengalaman dan Pelatihan Auditor Terhadap Pengetahuan Auptior Dalam Mendeteksi Kecurangan.* Jakarta: Naskah Publikasi Universitas Islam Negri Syarif Hidayatullah.

Cressey, D. R. (1973). *Other People's Money.* Montclair: Patterson Smith.

Fullerton, R. R., & Durtschi, C. (2004, November 11). *The Effect of Professional skepticism on The Fraud Detection Skills of Internal Auditors.* Dipetik Januari 15, 2015, dari SSRN: http://papers.ssrn.com/sol3/

Hammersley, J. L. (2011). A Review and Model of Auditor Judgments in Fraud-Related Planning Tasks. *Auditing Vol. 30, No.4*, 101-128.

IAI. (2012). *Home : PPA : Standar Pendidikan Interna*sional IFAC. Accessed November 06, 2015, from IAI GLOBAL: http://www.iaiglobal.or.id

IAPI, D. (2013). *Standar Profesional Akuntan Publik .* Jakarta : Salemba Empat .

Jamal, K., Johnson, P., & Berryman, G. (1995). Detecting Framing Effects in Financial Statements. *Contemporary Accounting Research, Vol. 12, No. 1.*

Johnson, P., Jamal, K., & Berryman, R. (1991). Effects of Framing on auditor Decision. *Organizational Behavior and Human Decision Processes, October*, 75-105.

Johnson, N. (1987). Auditor Detected Errors and Related Client Traits - A Study of Inherent and Control Risks in A Sample of U.K. Audits. *Journal of Business Finance* & Accounting Vol.14 (Spring). , 39-64.

KPMG. (2015). *Career Path - Direct-to-Audit* . Accessed June, 11, 2015, from KPMG CUTTING THROUGH COMPLEXITY : http://www.kpmg.com

Koroy, T. R. (2008). Pendeteksian Kecurangan (Fraud) Laporan Keuangan oleh Auditor Eksternal. Jurnal Akuntansi dan Keuangan Vo. 10, No.1 (Mei) , 22-33.Nasution, H., & Fitriany. (2012). Pengaruh Beban Kerja, Pengalaman Audit dan Tipe Kepribadian Terhadap Skeptisme Profesional dan Kemampuan Auditor dalam Mendeteksi Kecurangan. *Simposium Nasional Akuntansi* XV (hal. 481-488). Banjarmasin: Ikatan Akuntan Indonesia.

Loebecke, J., Eining, M., & Willingham, J. (2008). Auditors' Experience with Material Irregularities, Frequency, Nature and Detectability. *Auditing: A Journal of Practice and Theory, Vol. 9*, 1-28.

LLP, K. (2015). *Career Path-Direct-to-Audit*. Accessed June, 11, 2015, http://www.kpmg.com

Mentri Keuangan RI. (2002). *Keputusan Menteri Keuangan Republik Indonesia No. 423/KMK.06/2002 Tentang Jasa Akuntan Publik* .

Merchant, G. (1990). Discussion of Determinants of Auditor Expertise. *Journal of Accounting Research Vo.28 (Supplement)* , 1-20.

Noviyani, P., & Bandi. (2002). Pengaruh Pengalaman dan Pelatihan Terhadap Struktur Pengetahuan Auditor Tentang Kekeliruan. *Simposium Nasional Akuntansi V* (hal. 481-488). Semarang : Ikatan Akuntan Indonesia.

Noviyanti, S. (2008). Skeptisme Profesional *Auditor Dalam Mendeteksi Kecurangan. Jurnal Akuntansi Dan Keuangan Indonesia Vol. 5 No.1* , 102-125.

Nugraha, A. B. (2011). Pengaruh Pengalaman, Due Profesional Care dan Independensi Audtior Terhadap Kualitas Audit (Survey pada Auditor Inspektoral dan BPK RI Perwakilan Provinsi Jawa Barat). *Universitas Komputer Indonesia* .

Pendidikan dan Kebudayaan Republik Indonesia, Mentri. (2013). *Peraturan Mentri Pendidikan dan Kebudayaan Republik Indonesia No.73 Tahun 2013 Tentang Penerapan Kerangka Kualifikasi Nasional Indonesia Bidang Pendidikan Tinggi.*

Ponemon, L., & Wendell, J. P. (1995). Judgemental Versus Random Sampling in Auditing : An Experimental Investigation. *Auditing, Vol. 14, No. 2, Fall* , 17-.

Shanteau, J. (1992). Competence in Experts: The Role of Task Characteristics. *Organizational Behavior and Human Decision Processes, Vol. 53*, 252-266.

Sugiono, D. (2008*). Kamus Besar Bahasa Indonesia Pusat Bahasa Edisi Keempat.* Jakarta, Indonesia: PT. Gramedia. Pustaka Utama.

Tim Penyusun KKNI Dikti 2013. (2015, May 01). *KKNI dan Implikasinya Pada Dunia Kerja dan Perguruan Tinggi*. Accessed November 01, 2015, from bpa.uad: http://bpa.uad.ac.id/wp-content/uploads/2015/05/1.-KKNI-dan-impklikasinya.pdf

Utami, R. (2009). *Analisis Perbedaan Profesionalisme Audtior Senior dan Auditor Yunior (Studi terhadap Auditor yang Bekerja Pada KAP di Malang).* Malang: Naskah Publikasi Universitas Muhammadiyah Malang .

Widiyastuti, M., & Pamuji, S. (2009). Pengaruh Kompetensi, Independensi dan Profesionalisme Terhadap Kemampuan Audtior dalam Mendeteksi Kecurangan (Fraud). *Jurnal Ilmiah Studi Manajemen Universitas Muhammadiyah Semarang Vol. 5 No.2* , 52-73.

Determinant Factors Affecting Fraud Detection Capabilities to The External Auditor in Jakarta