

THE EFFECT OF PROFESSIONAL Skepticism, INVESTIGATIVE AUDITOR'S EXPERIENCE AND WHISTLEBLOWING SYSTEM ON AUDITOR'S ABILITY IN DETECTING FRAUD

Monica Pamela Citranagari*

¹Universitas Trisakti, Jakarta, Indonesia

e-mail: monicapamelactanagari@gmail.com

*Correspondence: monicapamelactanagari@gmail.com

Submitted: 27 June 2022,

Revised: 04 July 2022,

Accepted: 15 July 2022

Abstract. There is a difference between fraud causing system errors and financial statement errors. References to various national and international cases show that fraud can happen anywhere. This study aims to determine the effect of professional skepticism, auditor experience, and *whistleblowing system* on the auditor's ability to detect fraud. The population in this study were all private internal and external auditors (Public Accounting Firms). Data collection techniques in this study using a questionnaire. This type of research is a hypothesis testing research. The number of samples collected is 56 respondents. The sampling technique used is convenience sampling. The results of this study indicate that: 1) Professional Skepticism has a positive effect on the auditor's ability to detect fraud. 2) The experience of the investigative auditor has a positive effect on the auditor's ability to detect fraud. 3) The whistleblowing system has a positive effect on the auditor's ability to detect fraud.

Keywords: skepticism; experience of investigative auditing; whistleblowing

INTRODUCTION

System Errors and fraud have differences that lead to errors in a financial statement ([Svabova et al., 2020](#)). Referring to various cases both at home and abroad, it shows that fraud can occur anywhere ([Alissa et al., 2014](#)). The rise of the phenomenon of providing Unqualified Audit Opinions (WTP) does not guarantee that an institution is free from fraud. This is reinforced by the fact that until December 2018 there were ten Regional Governments that received Unqualified Opinions, but their regional heads committed corruption. In addition to the scope of government, private companies and state-owned enterprises also received many unqualified opinions, but after that it was revealed that there were cases of fraud involving the top brass of the state-owned company. One of the cases is the provision of Unqualified Audit Opinions to PT Sunprima Nusantara Pempundan (SNP Finance) and PT Garuda Indonesia for the 2018 financial statements.

Fraud or fraud is increasingly happening in various ways that continue to develop so that the auditor's ability to detect fraud needs to continue. improved. Currently, the limitations of the auditor will cause a gap for users of auditor services who hope that the auditor can provide assurance that the financial statements presented do not contain misstatements. Many factors are thought to be the cause of the auditor's inability to detect fraud both internally

(within the auditor) and externally ([Ulimsyah, 2021](#)). Revealed that one of the causes of auditors in detecting fraud is the low level of professional skepticism owned by auditors. Auditors with high skepticism will increase the ability to detect fraud by developing additional information searches when faced with symptoms of fraud.

Profit mark-up, manipulation of financial statement records, and document omission are frauds that are often carried out that can harm the country's finances and economy ([Mamahit & Urumsah, 2018](#)). This is for the benefit of individuals and groups of people. According to the results of the Indonesian fraud survey (2016), internal audit and media reports are the most effective media for detecting fraud. The reporting media in question is a system that makes the public dare to report fraud or what is known as the whistleblowing system. Whistleblowing is under the supervision of the audit committee and reports through this system will be followed up by internal audit ([Abdullah et al., 2018](#)). Thus, in recent times there have been many incidents of fraud cases which were finally uncovered thanks to the active role of auditors who carried out investigations and were assisted by the existence of a whistleblowing system.

For this reason, efforts to prevent and eradicate fraud need to be improved and intensified. The government's way of handling and uncovering fraud that occurs, one of which is by enforcing the law,

conducting investigative audits and implementing forensic audits in their examinations as well as the public's concern for reporting on the whistleblowing system is also very effective in revealing corruption and fraud that occurred. Whistleblowing system is an application to report violations, which can support the implementation of forensic audits and investigative audits. As for someone who notifies the public or officials in power about alleged dishonesty, illegal activities or mistakes that occur in government, public or private organizations, is called a whistleblower ([Verschuuren, 2020](#)).

Sayyid (2014) states that forensic accounting is the use of accounting expertise combined with investigative abilities to make financial statements or allegations and then an investigative audit is defined as an effort to prove an error in a series of relationships in a fraud examination. Thus accounting and investigation are a series of relationships in fraud examination.

Based on the description above, many researches in the field of auditing have been carried out, highlighting the importance of the influence of professional skepticism and investigative experience on audit examinations, but some are still inconsistent. The results of research conducted by ([Rahim et al., 2019](#)); ([Bayuandika & Mappanyukki, 2021](#)); ([Agustina et al., 2021](#)) found that professional skepticism has a positive effect on the auditor's ability to detect

fraud, where the higher the level of professional skepticism of the auditor, the higher the detection effort. fraud.

As for other research conducted by ([Lubis & Pohan, 2022](#)) at the Regional Revenue Service of Buleleng Regency, it shows that partially there is a significant influence between the whistleblowing system and the competence of human resources on fraud prevention. Research conducted by ([Dwiyanti et al., 2022](#)) shows that the whistleblowing system strengthens the influence of the audit committee and internal audit to uncover cases of fraud.

Attribution theory is used to examine the perspective of the factors that influence fraud detection (Yuniarti, 2018). KAP and agencies that have internal audits were selected as objects because these KAPs and agencies are entities that provide services to detect fraud in a company. The object of the research is the Auditor who works at KAP DKI Jakarta and the Company Tbk. Through this paper, combining and applying the attitudes possessed by forensic auditors, combined with the experience of auditors supported by the existing whistleblowing system and law enforcement, the researcher believes that some of these things are effective components of fraud detection. Thus the authors are interested in the title "*The Effect of Professional Skepticism, Whistleblowing System And Investigative Audit Experience On Auditor Ability In Detecting Fraud*". Effect of Auditor Professional skepticism on Auditor Ability to Detect Fraud. Auditor

professional skepticism is an attitude of distrust, always questioning the audit evidence that must be owned by the auditor. BPK Number 1 of 2017, mentions the skepticism of the Auditor who believes that the responsible party is dishonest and that the honesty of the responsible party is no longer in question. In accordance with this, hypothesis 1 is as follows: *H1: Professional skepticism of forensic auditors has a positive effect on the ability of auditors to detect fraud.*

Effect of Investigative Auditor Experience on Auditor Ability to Detect Fraud ([Samagaio & Felício](#), 2022). The results of his research prove that the experience of the auditor has no significant effect on the effectiveness of implementing audit procedures to prove fraud. Thus, this article discusses whether the experience of the investigative auditor has a positive impact on the auditor's ability to detect fraud by using fraud by the BPKP auditor's resource person representing the Special Region of Yogyakarta. Based on this description, hypothesis 2 is made as follows: *H2: Investigating the auditor's experience has a positive impact on the auditor's ability to detect fraud.*

The effect of the Whistleblowing system on the auditor's ability to detect fraud. ([Mamahit & Urumsah](#), 2018) state that whistleblowing can affect fraud detection, then also issue a whistleblowing opinion in investigative implementation that plays an important role but not in fraud detection planning. So what is obtained by the existence of

a whistleblowing system that is implemented is proven to be effective in supporting fraud detection. This description means that the whistleblowing system and fraud detection have a positive relationship. Based on the description above, the hypothesis is as follows:

H3: Whistleblowing has a positive effect on the Auditor's Ability to Detect Fraud.

METHODS

This type of research is a quantitative research with a Hypothesis Testing model. The population in this study are internal and private auditors (KAP). The research sample consisted of 56 samples consisting of 17 internal auditors and 39 auditors from public accounting firms. Data was collected using a questionnaire method which was distributed to respondents according to the sampling target described previously. The analysis technique in this research consists of descriptive analysis and statistical analysis. Both of these techniques are used to get optimal results. This research uses simple regression analysis and Moderated Regression Analysis (MRA) to see the interaction effect of Professional Skepticism, Investigative Audit Experience and Whistleblowing System. Population is a generalized area, consisting of objects with certain qualities and characteristics, which are determined by researchers to study and draw conclusions ([Dźwigoł](#), 2019). The population of this study are auditors

who work in KAP and companies in the DKI Jakarta area, totaling 59 auditors.

Sampling used multivariate analysis involving Roscoe's (1975) perspective with minimal data using the formula for the number of variables used and using multivariate regression analysis in the test.

RESULTS AND DISCUSSION

Investigative Audit Experience

Professional skepticism is the attitude of the auditor who does not easily believe in the audit evidence provided by the client, so that in carrying out his duties the auditor always questions and critically evaluates the audit evidence provided. To measure Professional Skepticism using a Likert scale.

Whistleblowing System

Moderating Variables in this Research Whistleblowing System where the author will test the use of Whistleblowing system data by auditors in the examination process. This moderating variable is measured using a Likert scale. The data collected in this study were processed using the Statistical Package for Social Science (SPSS) version 25 program assisted by multiple regression analysis, first testing the classical hypothesis before analysis.

Normality Test

This research was conducted with the aim of testing whether the regression model of the confounding or

residual variables had a normal distribution. As it is known that the F test and t test assume that the residual value follows a normal distribution. Basically the normality test is a comparison between empirical data and theoretical data and the category is a type of appropriate test (Goodnes Of Fit) in (Khadivi, 2018).

Hypothesis Testing

In this study the researchers chose two variables, namely 3 independent variables and one dependent variable. The analytical method used to test the hypothesis is the multiple regression method, which is the regression used to determine how much influence the independent variable has on the dependent variable used to test Ha1, Ha2, and Ha3, with an interaction approach that aims to meet research expectations. regarding the Effect of Professional Skepticism, Whistleblowing System and Investigative Audit Experience on Auditor Ability to Detect Fraud. The regression equation is as follows:

The regression equation can be explained

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Y = Auditor's Ability to Detect Fraud
= Constants

1, 2, 3 = Regression coefficient

X1 = Auditor Professional Skepticism

X2 = Experience Investigative Auditor

X3 = Whistle-Blowing System

e = error

To prove the truth of the hypothesis test, statistical tests are used on the

output produced by the multiple regression model, statistical tests

a. Coefficient of Determination

Test The coefficient of determination test (R²) aims to determine how much is the ability of the independent variable to explain the dependent variable. In the SPSS output, the coefficient of determination is located in the Model Summary^b table and is written as Adjusted R Square. The value of R² is 1, meaning that the fluctuations in the dependent variable can be fully explained by the independent variable and there are no other factors that cause fluctuations in the dependent variable. If the value of R² ranges from 0 to 1, it means that the stronger the ability of the independent variable can explain fluctuations in the dependent variable (Ghozali: 2011).

b. Partial Regression Test (t test)

include:

The t test was conducted to determine the effect of each independent variable individually on the dependent variable. The results of this t-test on the SPSS output can be seen in the Coefficients^a table. To determine whether there is an influence of each independent variable individually on the dependent variable, it is done by comparing the p-value in the Sig column, each independent variable with a significance level of 0.05 used. If the p-value is less than 0.05 then H_a is accepted and H₀ is rejected. 0.05, then H_a is rejected and H₀

This test is used as a test of the assumption of normality of the data. The results of normality testing using the test in this study can be seen in the table below.

Table 1. NPar Tests One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			59
Normal Parameters <i>a,b,</i>	Mean		25,1267606
	Std. Deviation		,26539868
Most Extreme Differences	Absolute		,050
	Positive		,050
	Negative		-,045
Test Statistic			,050
<i>Asymp. Sig. (2-tailed)</i>			,200 ^{c, d}

- a. Test distribution is Normal.
- b. Calculated from data.

Hypothesis Test

a. Results Determination Coefficient Test Results (R2)

Table 2. Determination Coefficient Test Results (R2)

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,708 ^a	,	501,475	3,29805	1,388

1) **Predictors: (Constant), X3,X2,X1**

2) **Dependent Variable: Y**

The results of the model output in Table 4.18 show that the adjusted value of R2 (coefficient of determination) adjusted) is 0.475.

This shows that the 47.5% change in the auditor's ability to detect fraud can be explained by three independent variables, namely, auditor professional skepticism, investigative auditor experience, and *whistleblowing system*.

b. Results of t test (Partial Test)

Table 2. T test (Parisal test)

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	14,148	3,644		5,529	,001
	X1 Professional	,380	,182	-.262	2,442	,014
	X2 Investigative Audit Experience	-,138	,393	-.133	-2,339	.849
	X3 <i>Whistleblowing System</i>	,008	,106	,011	2,078	,059

a. Dependent Variable: Y auditor's ability to detect fraud

Effect of auditor's professional skepticism on auditor's ability to detect fraud

The results of the first hypothesis test (H1) show that auditor's professional skepticism has a positive influence on auditor's ability to detect fraud, the result is professional skepticism -0.380 and t 2.442, the value significant at the 0.05 level of significance thus professional skepticism has a positive and significant effect on the auditor's ability to detect has been supported.

The first hypothesis (H1) states that the professional skepticism of forensic auditors has a positive effect on the auditor's ability to detect fraud. The results obtained from the statistical tests performed showed a coefficient of 0.380 with p 0.014. Interpreting skepticism has an influence on the auditor's ability to detect fraud at KAP or companies in Jakarta.

The Effect of Investigative Auditor Experience on Auditor Ability to detect fraud.

The result of the second hypothesis (H2) which states that the investigative auditor's experience has an influence on the auditor's ability to detect fraud. However, when viewed on the test results, the regression experience value of the investigation is 0.138, t is -2.339 and p-value is 0.056. This shows that the investigative auditor experience variable (X2) has no effect on the auditor's ability to detect fraud. Thus the experience of investigating the auditor variable will not affect the auditor's ability to detect fraud at an important level of 5%, otherwise H2 will not be supported.

We can understand that to disclose fraud detection, it must be supported by a high attitude of professional skepticism, so that the implementation of fraud detection will be more effective. To improve the implementation of fraud detection, this is to increase professional skepticism in the implementation of fraud detection detection.

The results of this test are in accordance with the attribution theory, namely the internal factors that a person has will determine the person's behavior, which states that the attitude of the auditor affects the quality of the audit conducted by Prwait and Glover 2014. This study contradicts the results of stating that the auditor's responsibility is not influenced by the attitude of skepticism in detecting fraud. by Sanjaya, 2017.

The second hypothesis (H2) which states that investigative auditor experience has a positive effect on the auditor's ability to detect fraud, it turns out that investigative experience is -2,339 with a p value of 0.56. This means that the investigative auditor's experience has no effect on the auditor's ability to detect fraud at KAP and companies in Jakarta.

These results may occur because the low level of experience of the investigative auditor has little effect on the auditor's ability to uncover fraud detection or other factors due to the ability to detect fraud as well.

The results of this study are in line with research conducted by Supriyono (2014) and Pramitasari (2017) which shows that auditor experience will not affect the

auditor's ability to detect fraud. This study contradicts the findings of Yuniati (2015) and Arsendy (2017) that audit experience has a positive influence on the auditor's ability to detect fraudulent behavior on the quality of audit evidence.

The effect of the whistleblowing system on the auditor's ability to detect fraud

Testing the third hypothesis (H3) which states that the whistleblowing system has a positive effect on the auditor's ability to detect fraud. It is stated that the reporting system (X3) is 0.008 and t is 2.078. The value of this regression coefficient was significantly supported at the 0.05 level of significance and the p-value of 0.002. It can be interpreted that the whistleblowing system variable has a positive and significant effect on the auditor's ability to detect fraud at a significance level of 5% or H3 is supported.

The third hypothesis (H3) which states that the whistleblowing system has a positive effect on the auditor's ability to detect fraud. The whistleblowing system coefficient value shows a value of 0.008 with a p value of 0.002. It can be proven that the reporting system has a significant positive effect on the ability of the auditors of KAP and companies in Jakarta in detecting fraud. In order to carry out reliable audit disclosures, it must be supported by an accurate and reliable whistleblowing system, so that whistleblowers can easily use it without fear in reporting a fraud that occurs in the surrounding environment.

The test results according to the attribution theory, the whistleblowing system is said to be an external factor

because it is used as a tool or support in providing assessments such as detecting fraud. So that it can assist auditors in detecting fraud at KAP and companies in Jakarta.

The results of this study support research conducted by Nugroho (2015) showing that the whistleblowing system has an influence on fraud prevention and research conducted by Utami et.al (2019) shows that the whistleblowing system strengthens the influence of the audit committee and internal audit to uncover cases of fraud. However, contrary to another study conducted by Pratama.et, al (2019). The results show that the reporting system has no effect on the auditor's ability to detect fraud.

CONCLUSIONS

This research was conducted to determine the effect of professional skepticism of forensic auditors, experience of investigative auditors, and whistleblowing system on the auditor's ability to detect fraud.

Based on the results of the research that has been done, it can be concluded that: 1) Professional skepticism of forensic auditors has a significant positive effect on the ability of auditors to detect fraud, so the higher the level of auditor skepticism, the more fraud detection results will be revealed. 2) The experience of the investigative auditor has no effect on the auditor's ability to detect fraud. 3) The whistleblowing system has a significant positive effect on the auditor's ability to detect fraud, which means that the existence of a whistleblowing system is a

means for whistleblowers to report violations that have occurred. Violations that occur that are reported are an early indication of fraud which will later assist the auditor and then follow up on the incident. The implementation of this whistleblowing system is also a tool for internal control of the organization that can narrow the opportunities for people who work in the organization to commit fraud. The better the whistleblowing system is implemented, the more helpful the auditor is in making the search for evidence of violations faster in detecting fraud and reducing losses arising from fraud.

REFERENCES

- Abdullah, R., Ismail, Z., & Smith, M. (2018). Audit committees' involvement and the effects of quality in the internal audit function on corporate governance. *International Journal of Auditing*, 2(3), 385–403. <https://doi.org/https://doi.org/10.1111/ijau.12124>
- Agustina, F., Nurkholis, N., & Rusydi, M. (2021). Auditors' professional skepticism and fraud detection. *International Journal of Research in Business and Social Science (2147-4478)*, 4(10), 275–287. <https://doi.org/https://doi.org/10.20525/ijrbs.v10i4.1214>
- Alissa, W., Capkun, V., Jeanjean, T., & Suca, N. (2014). An empirical investigation of the impact of audit and auditor characteristics on auditor performance. *Accounting, Organizations and Society*, 3(7), 495–510. <https://doi.org/https://doi.org/10.1016/j.aos.2014.06.003>
- Bayuandika, M., & Mappanyukki, R. (2021). The effect of spiritual intelligence and professional skepticism of internal auditors on detection of fraud. *International Journal of Asian Social Science*, 2(11), 22–29. <https://doi.org/https://doi.org/10.18488/journal.1.2021.111.22.29>
- Dwiyanti, D. A., Wicaksono, A. P. N., & Ulum, I. (2022). Internal Control System, Whistleblowing System, Organizational Commitment And Fraud Prevention: Individual Morality As A Moderating Variable. *Jurnal Akuntansi*, 9(2). <https://doi.org/https://doi.org/10.30656/jak.v9i2.4577>
- Dźwigoł, H. (2019). Research methods and techniques in new management trends: research results. *Virtual Economics*, 2(1), 31–48. [https://doi.org/https://doi.org/10.34021/ve.2019.02.01\(2\)](https://doi.org/https://doi.org/10.34021/ve.2019.02.01(2))
- Khadivi, A. (2018). Phenotypic characterization of *Elaeagnus angustifolia* using multivariate analysis. *Industrial Crops and Products*, 2(11), 155–161. <https://doi.org/https://doi.org/10.1016/j.indcrop.2018.04.050>
- Lubis, I. T., & Pohan, A. R. (2022). Analysis Of Factors Affecting The Quality Of Development Of Regional Income And Expenditure Budgets, Deli Serdang Regency. *Enrichment: Journal of Management*, 2(2), 2391–2397. <https://doi.org/https://doi.org/10.353335/enrichment.v12i2.569>
- Mamahit, A. I., & Urumsah, D. (2018). The Comprehensive Model of Whistle-Blowing, Forensic Audit, Audit Investigation, and Fraud Detection. *Journal of Accounting and Strategic Finance*, 1(2), 153–162.

<https://doi.org/https://doi.org/10.33005/jasf.v1i2.43>

Rahim, S., Muslim, M., & Amin, A. (2019). Red Flag And Auditor Experience Toward Criminal Detection Trough Profesional Skepticism. *Jurnal Akuntansi*, 2(3), 47–62. <https://doi.org/https://doi.org/10.24912/ja.v23i1.459>

Samagaio, A., & Felício, T. (2022). The influence of the auditor's personality in audit quality. *Journal of Business Research*, 4(11), 794–807. <https://doi.org/https://doi.org/10.1016/j.jbusres.2021.11.082>

Svabova, L., Kramarova, K., Chutka, J., & Strakova, L. (2020). Detecting earnings manipulation and fraudulent financial reporting in Slovakia. *Oeconomia Copernicana*, 2(3), 485–508. <https://doi.org/https://doi.org/10.24136/oc.2020.020>

Ulimsyah, U. (2021). Whistleblowing's effectiveness in preventing fraud through forensic audit and investigative audit. *Point of View Research Accounting and Auditing*, 2(1), 81–91. <https://doi.org/https://doi.org/10.47090/povraa.v2i1.116>

Verschuuren, P. (2020). Whistleblowing determinants and the effectiveness of reporting channels in the international sports sector. *Sport Management Review*, 2(3), 142–154. <https://doi.org/https://doi.org/10.1016/j.smr.2019.07.002>

