

The Effect of Professional Skepticism, Independency, Audit Experience, and the Knowledge of the Internal Control System on the Auditor's ability to detect fraud in the Internal Auditor Ministries/Agencies of the Republic of Indonesia

Ronalita Situmorang
Student of Master of Accounting
Program Mercubuana University, Indonesia

Rina Yuliastuty Asmara
Lecturer of Master of Accounting
Program Mercubuana University, Indonesia

Abstract-This purpose of this journal is to find how effective professional skepticism, independency, audit experience, and the knowledge of internal control systems on the ability of auditors to detect some frauds. The population being tested in this research is the Internal Auditor of Minister/Institutions of the Republic of Indonesia. The sample size of the population in this research uses the statistical method with a purposive sampling technique.

Data were collected by giving a questionnaire to the respondents. Data were analyzed using the smartPLS 3.2.7's software Structural Equation Modelling (SEM) that method is used to improve the weaknesses of the regression method.

From research conducted a conclusion can be drawn that professional skepticism, independency, audit experience, and knowledge of the internal control system have influenced the ability of positive and significant auditors in detecting fraud.

Keywords:- Professional Scepticism, Independency, Audit Experience, the Knowledge of Internal Control System, Fraud Detection.

I. INTRODUCTION

The definition of fraud according to the Association of Certified Fraud Examiners (ACFE) is: "an act that intentionally with a specific purpose, which violates legal provisions".

The phenomenon of Corruption, Collusion, and Nepotism (KKN) is still often found in Government Agencies. Some data indicate that the enforcement aspects of good governance in Indonesia are still poor, namely:

- Based on the Corruption Perception Index that in 2020 Indonesia is ranked 120 out of 180 countries with a score of 37 out of 100. During the last 5 years since 2017, the score of Indonesia's Corruption Perception Index has not experienced a significant increase, namely at a score of 37 out of 100 in 2016, 37 from 100 in 2017, 38 out of 100 in 2018, 40 out of 100 in 2019 and then down to 37 out of 100 in 2020.

- An integrity survey by the Corruption Eradication Commission in 2014 showed that the quality of public services in Indonesia for central agencies only reached a score of 7.22 on a scale of 1 – 10.
- Based on the World Bank's assessment that Indonesia's control of corruption scores are 32.70 (2013), 33.65 (2014), 39.42 (2015), 48.08 (2016), and 41.38 (2017) on a scale of 0 to 100 on the following chart:

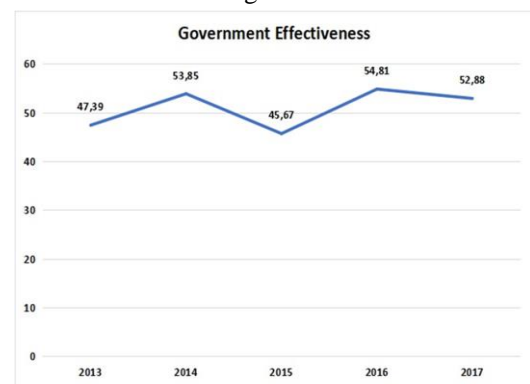


Fig. 1: Government Effectiveness

The poor condition of financial management in Indonesia encourages the government to carry out restoration in the field of State Finance which is indicated by strengthening the government's role in supervising budget implementation by establishing a Government Internal Supervision Apparatus (APIP) in the Government Regulation of the Republic of Indonesia concerning the Government Internal Control System through Government Regulation Number 60 of 2008.

The leveling mapping of the Government Internal Supervisory Apparatus's capability made by the Financial and Development Supervisory Agency in 2013 on 474 Government Internal Supervisory Apparatus in Indonesia showed that 85.23% were at level 1 (Initial), 14.56% at level 2 (Infrastructure), and 0.21% level 3 (integrated). The highest level of capability is still at level 1, indicating that the effectiveness of Government Internal Supervisory Apparatus's governance is less effective. The Government Internal Supervisory Apparatus, which is expected to be the "first defense" in preventing criminal cases of corruption and rampant irregularities, are not functioning.

As stated by the President of the Republic of Indonesia at the APIP Coordination Meeting on May 13, 2015, in Jakarta, BPKP was given a target so that in 5 years the leveling of APIP capabilities was at Level 3 as much as 85% and level 1 was only 1%. However, until 2020 this target has not been achieved. The results of the IACM assessment made by the Financial and Development Supervisory Agency in 2020 on 628 Central and Regional Government Internal Supervisory Apparatus still show results that are far from the 2015 President's direction. Of that 5 levels, 11.62% or 73 Government Internal Supervisory Apparatus Are still at level 1 (initial), 52.55% or 330 Government Internal Supervisory Apparatus at level 2 (infrastructure), and 225 Government Internal Supervisory Apparatus or 35.83% at level 3 (integrated). This shows that massive efforts are still needed to continuously improve Government Internal Supervisory Apparatus capabilities towards levels 4 (managed) and 5 (optimizing) as follows:

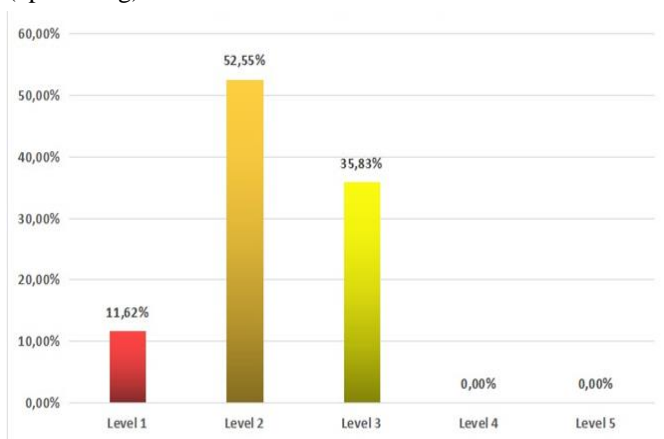


Fig. 2: IACM assessment by Financial and Development Supervisory Agency

The Minister of PAN-RB (Asman Abner) 2017 said that to find out any irregularities occurring in the administration of the state, internal supervision must play an inherent role in planning. In general, less effective internal control is one of the triggers for deviations. In this regard, the Government Internal Supervisory Officer (APIP) who is at the forefront of efforts to prevent irregularities can optimize its role in strengthening auditing internal control to maintain the effectiveness and efficiency of activity. The problem that arises is the limitation of auditors in finding the existence of fraud.

Many factors greatly affect the ability of auditors to find the existence of fraud. These factors include differences in the level of auditor experience, differences in skepticism, differences in audit understanding of SPI, and differences in the ability of auditors to maintain their independency.

SA 240, 2015 par. 8 states that: "in obtaining reasonable assurance, the Auditor is responsible for maintaining professional skepticism during the audit; considering the potential for management override of controls; and aware that there is the fact that audit procedures cannot detect fraud".

Independency is an important factor for auditors in finding fraud. Independency is an impartial perspective of auditors in conducting tests, evaluating examination results, and compiling audit reports (Arens & Beasley, 2012). Harold (2010) found that "less independency from an auditor can decrease the auditor's ability to detect fraud". And according to research by Hanifah (2016) that "the experience of an auditor and the high level of professional skepticism has proven to have a positive effect on improving the ability of auditors to detect the symptoms of fraud". And Riyani (2016) in his research states that an understanding of the auditee's Internal Control System has a significant effect on the ability to detect regional losses and Salem (2012) finds that a good understanding by the auditor of the auditee's Internal Control System will assist the auditor in detecting fraud.

Based on the identification of the background with the analysis of its alignment with the theoretical foundations and previous research, research that raises the title: "**The Effect of Professional Skepticism, Independency, Audit Experience and the Knowledge of Internal Control System on the Auditor's ability to detect fraud in the Internal Auditor Ministries/Agencies of the Republic of Indonesia**".

II. LITERATURE REVIEW

A. Agency Theory

The Agency Theory initiated by Meckling, & Jensen (1976) has the meaning: "The existence of a contract between one or more people involving an agent to act on them (the perpetrator) by delegating decision-making authority to the agent".

Agency theory can be used to help government internal auditors understand conflicts of interest that occur between the president (principal) and the management of the Ministry/Agency or Local Government (agent).

B. Cognitive Dissonance Theory

Festinger's (1975) basic view of the theory of cognitive dissonance is if a person has two cognitions (idea and mind) simultaneously and contradict each other. The inequality that occurs between two inconsistent cognitive elements will generate feelings of discomfort in the psychological. The effort that a person can make to achieve harmony in behaving and reducing the pressure of the inconsistency of existing elements is to reduce or avoid the presence of dissonance. In this study, this theory helps to provide an explanation of the interaction of professional skepticism along with influential factors (competence, independency, experience, and audit time pressure) if there is cognitive dissonance when detecting fraud. Competence, independency, and audit experience will result in increased professional skepticism and fraud detection ability.

C. Behaviorism Theory

Behaviorism psychology theory which was coined by Gage & Berliner (1979) is a theory that views that human life consists of elements that are interconnected with one another. This theory places great emphasis on observable and measurable behavior. The theory of behaviorism in this study is related to the variables of competence and ability of

auditors as well as the auditor's understanding of the internal auditee control system. Understanding of the internal auditee control system owned by the auditor is obtained from the need and desire of the auditor to assess each risk factor in audit planning

D. Internal Auditor

People or groups of people who carry out audits are grouped into three groups, namely independent auditors, internal auditors, and government auditors (Mulyadi, 2014). Internal government auditors are professional auditors within government agencies who work to conduct audits of financial responsibility and the performance of certain government agencies and agencies that use funding sources from the state budget. Indonesia has an Internal Government Supervisory Apparatus consisting of BPKP (Financial and Development Supervision Agency), as well as internal auditors at the inspectorate of each ministry/institution as well as provincial and regency/city governments.

E. Auditor's Ability to Detect Fraud

The ability to find fraud owned by auditors is a skill or proficiency in detecting fraud. Detecting fraud is the beginning of auditors' efforts to indicate fraud and narrow the space for fraud behavior to move. The self-quality of an auditor is shown in his ability to detect fraud (Susanto et al., 2020). The existence of red flags is an important and effective factor in detecting fraud and will be a finding for auditors (Rahim et al., 2019).

F. Professional Scepticism

IAPI, 2014 elaborates that "Professional skepticism is an attitude that includes a mind that constantly questions and evaluates audit evidence critically". The results of research by Said & Munandar, 2018 show that "Professional skepticism owned by auditors can support success in detecting fraud". Auditors who easily trust the assertions submitted by management without regard to supporting evidence for the assertions describe auditors who have low professional skepticism and auditors who cannot detect possible fraud. Additional explanations will not be immediately accepted by auditors who use their professional skepticism. The results of the analysis in the form of giving many questions to the evidence obtained will be used as a basis for obtaining information to find out the cause of the problem and used as a basis for confirming the object of examination (Rahim et al., 2019).

Hypothesis 1: Professional Skepticism Affects Auditor's Ability to Detect Fraud.

G. Independency

Shohihah et al., 2018 define "Independency as freedom from conditions that threaten the ability of internal audit activities to carry out internal audit responsibilities objectively". Susanto et al., (2020) have conducted a study with the result that "Independency has a positive and significant effect on the ability of auditors to detect fraud". Likewise, the research of Hamilah et al., (2019) stated that "Professionalism has a significant effect on the ability of auditors to detect fraud; audit experience has a significant effect on the auditor's ability to detect fraud; audit

independency has a significant effect on the auditor's ability to detect fraud; Professionalism, audit experience, and audit independency together have a significant effect on the ability of auditors to detect fraud".

Hypothesis 2: Independency Affects the Auditor's Ability to Detect Fraud.

H. Audit experience

Expertise is the main key for an internal auditor to be able to carry out an effective internal supervisory function. A competent auditor is an auditor who has adequate qualifications in both Education, audit experience and training followed (Shohihah et al., 2018). The auditor's ability to be able to detect fraud can come from the audit experience of an auditor. Experience in detecting fraud in financial statements through the investigation process is a skill needed by auditors. The more experience an auditor has, the more developed the auditor's skills will be. Previous research revealed that "auditors who have a high level of experience will find it easier to find fraud because the number and type of cases that have been found are more than auditors who do not have experience" (Yessie, 2020).

Hypothesis 3: Audit Experience Affects Auditor's Ability to Detect Fraud.

I. The Knowledge of Internal Control System

An understanding of the internal control system can provide managers with the means to provide accountability for their programs as well as the means to obtain reasonable assurance that the goals and objectives set have been met through the program that has been directed (Joseph et al., 2015). In the Indonesian context, according to PP No. 60 of 2008 (Government Regulation of the Republic of Indonesia, 2008) "the government's internal control system is defined as an integrated process of actions and activities carried out continuously by the leadership and all employees to provide reasonable certainty for the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, security of state assets, and compliance with laws and regulations". From Agyemang's research (2011) it was found that the implementation of a strong internal control system by management can be a preventative action in warding off fraud.

Hypothesis 4: Understanding of the Internal Audit System Affects the Auditor's Ability to Detect Fraud.

Based on previous research, the development of auditor capabilities is influenced by professional skepticism, independency, auditor experience and an understanding of the internal control system tend to affect the auditor's ability to detect fraud.

The framework of this research is as follows:

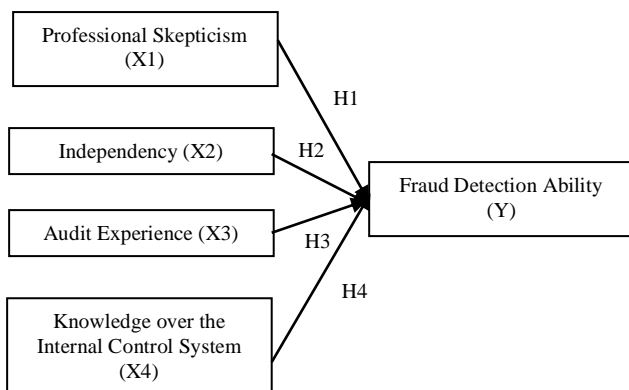


Fig. 3: The framework of this research

III. METHOD, DATA, AND ANALYSIS

A. Type of Research

This study is a causality study to analyze how far the independent variable (X) affects the dependent variable (Y). This study is intended to determine the effect of professional skepticism (X1), independency (X2), audit experience (X3), and understanding of the auditee's internal control system (X4) on the auditor's ability to detect fraud.

B. Population and Research Sample

The population taken in this study was internal auditors as many as 2337 people who were in 86 Ministries and Institutions in Indonesia. This study used the purposive sampling method which is a way of sampling. The purposive sampling technique is a way/technique of determining a sample by following certain considerations. The criteria for selecting respondents in this study are as follows:

- Respondents are employees of the PIP Deputy for the Economy and Maritime Affairs, the Deputy for Polhukam PMK, the Deputy for Regional Finance, and the Deputy for State Accountants.
- Respondents are not limited by the position of auditor (beginner skilled auditor, primarily skilled auditor, junior skilled auditor, primary expert auditor, junior expert auditor, middle expert auditor, main expert auditor).
- Respondents are auditors who have at least 2 years of work experience, with the consideration that if the auditor has worked over 2 years, they are considered to have auditing time and experience
- Minimum education in diploma degree.

The sample size of the population determined in this study was carried out utilizing statistical calculations, namely by using the Slovin formula (Husein, 2011). The level of precision set by the researcher in determining the sample is 10%.

C. Data collection technique

This research uses quantitative data, namely data derived from the results of calculations, measurements, and statistics. Data collection is carried out through the method of distributing questionnaires to internal auditors of Ministries/Institutions in Indonesia. The questionnaire is one of the methods of collecting respondent answer data from the

results of giving questions or statements in writing. This study used a questionnaire in the form of a google form which was distributed online. The data in this study is sourced from the answers of internal government auditors to the questionnaires that have been given.

D. Data analysis method

This study uses a method to collect data by collecting data/information on research. The approach used in this research is the Structural Equation Model (SEM) with the help of Partial Least Square (PLS) software, namely the SmartPLS version 3.0 application. The evaluation of the PLS model is based on a non-parametric predictive orientation. Evaluation of the PLS model with descriptive statistical analysis, outer model, and inner model. The structural model (outer model) tests the reflective validity and reflective reliability. Indicators that do not meet the loading factor requirements are omitted and are not included in the next analysis stage. Validity tests in the form of convergent validity, discriminant validity, composite reliability, average variance extracted (AVE), and Cronbach's alpha. A convergent validity test was conducted to find out how good the value obtained was, by considering the loading factor > 0.7 and the average variance extract (AVE) > 0.5 . The discriminant validity test measures various constructs that should not be highly correlated, by considering that the square root value of the AVE must be greater than the correlation value between latent variables and/or the AVE value must be greater than 0.5. The reliability test can refer to the value of Cronbach's alpha and composite reliability > 0.7 . The structural model (inner model) describes the latent variables based on substantive theory. The assessment uses R2 (R-Squared) of the dependent variable. Furthermore, Q2 (Q-Squared predictive relevance) was used to determine the diversity of the independent variables that could be explained in the model.

IV. RESULT AND DISCUSSION

A. Data analysis

The results of the analysis of the variables of this study can be described below:

a) Internal Auditor Professional Skepticism

The first dependent variable (X1) for the research carried out, is professional skepticism consisting of several dimensions, namely questioning mind, suspension of judgment, search for knowledge, interpersonal understanding, autonomy, and self-esteem. The highest mean value of the professional skepticism variable is found in the statement of considering information before deciding with a mean value of 4.76. In this statement, 100% almost agree and agree, the indicator is to consider the information before making a decision, which means considering all the information obtained, the auditor is very concerned about being able to detect fraud. The smallest mean value of 3.69 can be seen in the decision-making speed indicator, which is 23.96% in neutral conditions, and only 12% in disagreeing and disagreeing conditions. This means that the agency's ministry auditors cannot make decisions in a hurry

and must first analyze the information obtained. However, decision-making cannot be carried out for too long, so policymaking based on the decisions taken can be carried out on time.

b) **Independency Auditor Intern**

Furthermore, the second independent variable (X2) in this study is independency which consists of independency in fact, and independency in appearance. The highest mean value of the independency variable is found in the statement that accounts payable affect judgment with a mean value of 4.34. In this statement, 89.58% almost agree and agree, which means the auditor agrees that the existence of debts or obligations between the auditor and the auditee can affect the facts reported by the auditor to the Ministry/Agency. The smallest mean value is in the statement of the Auditee helping to collect evidence in the implementation of audit tasks with a value of 3.96. As many as 29.16% of respondents in the condition of Neutral and Less agree. This means that the Ministry of Institutional auditors does not agree that in carrying out the audit, the auditee helps in collecting audit evidence.

c) **Internal Auditor Audit Experience**

The third independent variable (X3), namely audit experience, also consists of 5 dimensions, namely making decisions, experience in auditing, task intensity, workability, and length of work. The highest mean value of the audit experience variable is found in the statement of being able to analyze problems with a mean value of 4.71. In this statement, 97.92% almost agree and agree, which means that the more experienced an auditor is, the more able to analyze problems that occur in the Ministry/Agency. While the smallest mean value is in the statement of the length of service as an auditor with a value of 4.19, which means that new auditors can also have the ability to analyze fraud in Ministries/Institutions in Indonesia.

d) **The Knowledge of Internal Control System**

The fourth independent variable (X4) in this study is knowledge of the internal control system. The highest mean value of the knowledge variable on the internal control system is found in the statement of behavioral rules applied to all levels of leadership and employees with a mean value of 4.67. In this statement, 95.83 respondents almost agree and agree on the importance of the rules of behavior being applied to all levels of leadership and employees of Ministries/Institutions. The smallest value is in the statement of supervision in the accounting field, besides being carried out by internal auditors, external auditors also have a mean value of 4.43 and only 7% in neutral conditions. This means that the internal auditors of the Ministry of Institutions agree that the supervision of the accounting sector is not only carried out by internal auditors but also by external auditors.

e) **The Ability to Detect Fraud**

The variables that are influenced (Y) in the research conducted are the ability to detect fraud which consists of dimensions of knowledge about fraud, and the ability of auditors to detect fraud. The highest average value of the ability to detect fraud is found in the statement of understanding that internal control is a measure of fraud with a mean value of 4.59. In this statement, 92.76% of respondents almost agree and agree. This means that the Ministry/Agency auditors agree that knowing the auditee's internal control structure is the initial stage of detecting fraud that occurs in Ministries/Agencies. While the smallest mean value is in the statement of understanding the nature of fraud with the number of respondents 18.75% in neutral conditions, disagreeing, and disagreeing, which means understanding the nature of fraud is not the main indicator in detecting fraud with a mean value of 4.13.

f) **Model Outlier Testing**

The structural model of the constructed variable in this study is presented in the graph below:

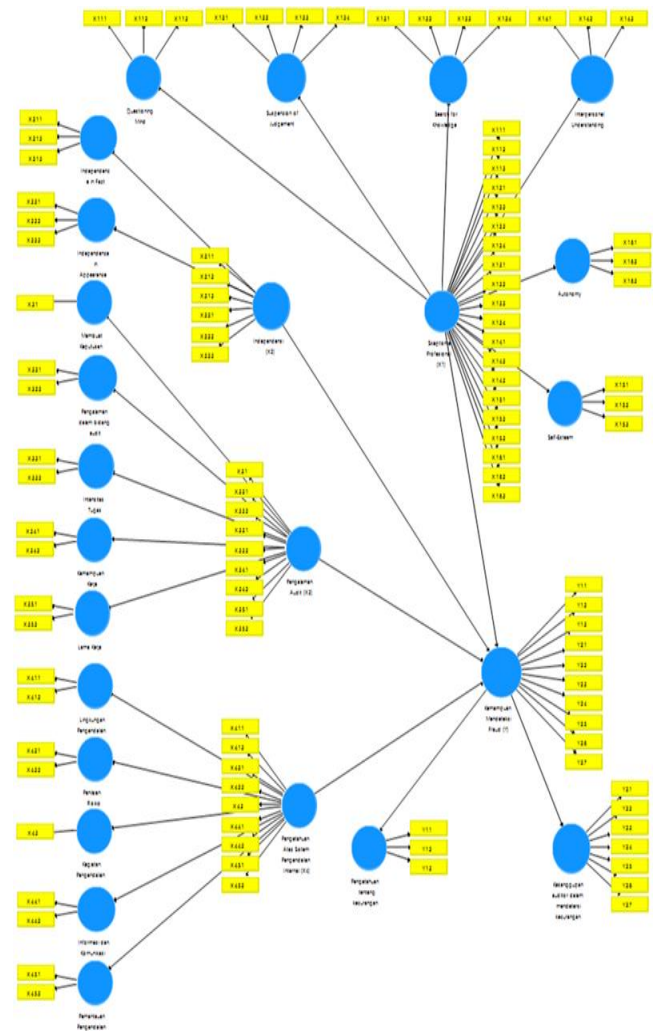


Fig. 4: Model Outlier Testing

g) Validity Test

Based on the results of testing the validity of the instrument items on the questionnaire used in this study using the help of the SmartPLS 2020 software, the results are shown in the following graph:

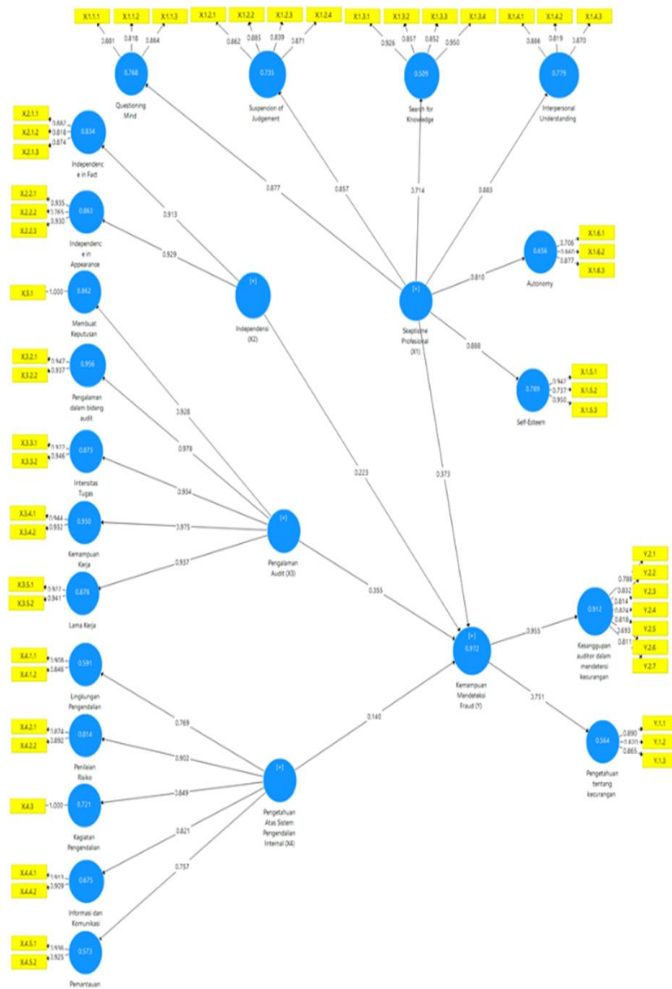


Fig. 5: Outer Model

From the graph above, the overall loading factor of the questions on the questionnaire instrument is greater than 0.5, which means that the questionnaire used in this study is valid, in other words, it is used as a measuring tool to measure the variables in this study. The results of the test with discriminant validity obtained the following results:

Variable	Average Variance Extracted (AVE)	Square Root of AVE	Criteria	Result
Professional Skepticism (X1)	0.73	0.85	0.50	Valid
Independence (X2)	0.81	0.90	0.50	Valid
Auditory Experience (X3)	0.78	0.88	0.50	Valid
Knowledge Over the Internal Control System (X4)	0.51	0.72	0.50	Valid
Fraud Detection Ability (Y)	0.75	0.86	0.50	Valid

Table 1: Discriminant validity test results

h) Reliability Test

From the test results, it was found that the overall composite reliability value was greater than 0.7, which means that the instrument items on the questionnaire used in this study can be said to be reliable with the results in table 4.2 below:

Variable	Composite Reliability	Criteria	Result
Professional Skepticism (X1)	0.891	0.70	Valid
Independence (X2)	0.943	0.70	Valid
Auditory Experience (X3)	0.912	0.70	Valid
Knowledge Over the Internal Control System (X4)	0.954	0.70	Valid
Fraud Detection Ability (Y)	0.922	0.70	Valid

Table 2: Composite reliability value

Based on the results of the reliability test, it can be seen that all instrument variables have a Cronbachs alpha coefficient value > 0.60 so it can be concluded that the variables of professional skepticism (X1), independency (X2), audit experience (X3), understanding of the internal control system (X4) and ability auditor in detecting fraud (Y) is reliable with the following results:

Variable	Cronbachs Alpha	Criteria	Result
Professional Skepticism (X1)	0.816	0.60	Valid
Independence (X2)	0.919	0.60	Valid
Auditory Experience (X3)	0.849	0.60	Valid
Knowledge Over the Internal Control System (X4)	0.949	0.60	Valid
Fraud Detection Ability (Y)	0.887	0.60	Valid

Table 3: Cronbachs Alpha Coefficient values

i) Designing the Inner Model

The relationship and the magnitude of the influence of the independent variable on the dependent variable as a whole (simultaneously) can be seen in the following model summary table:

	R Square	Adjusted R Square
Fraud Detection Ability (Y)	0.831	0.823

Table 4: Inner Model

Source: Data SmartPLS 2020

From the calculation results, it is obtained that the correlation coefficient between the variables of professional skepticism (X1), independency (X2), audit experience (X3), and understanding of the internal control system (X4) with the auditor's ability to detect fraud (Y) is 0.831. This value indicates that there is a strong, positive, and unidirectional relationship between the variables of professional skepticism (X1), independency (X2), audit experience (X3), and understanding of the internal control system (X4) together affect the dependent variable ability. auditors in detecting fraud (Y) is 82% and the remaining 18% is influenced by other variables that are not included in this study.

j) Hypothesis Testing

Based on hypothesis testing, the data obtained in table 4.5 below:

Koefisien Jalur Hipotesis	Sampel Asli (O)	T Statistik ((O/STDEV))	P Values	t-tabel	Keterangan
Professional Skepticism (X1) --> Fraud Detection Ability (Y)	0,426	3,951	0,000	1,96	Signifikan
Independence (X2) --> Fraud Detection Ability (Y)	0,267	2,258	0,000	1,96	Signifikan
Auditory Experience (X3) --> Fraud Detection Ability (Y)	0,354	3,215	0,000	1,96	Signifikan
Knowledge Over the Internal Control System (X4) -> Fraud Detection Ability (Y)	0,576	3,743	0,000	1,98	Signifikan

Table 5: Hypothetical Path Coefficient

Source: Data SmartPLS 2020

B. Discussion of Research Result

a) Professional skepticism has a significant influence on an internal auditor's ability to detect fraud

Based on the results of data analysis, the t-statistic value is 3,951, with a significance level of 10%, where the value is greater than the t-table, which is 1.96. Thus, hypothesis H1 is accepted, which means that professional skepticism affects the auditor's ability to detect fraud. Furthermore, the original sample was obtained at 0.426, this value is a parameter coefficient that is positive, meaning that the higher the professional skepticism, the higher the auditor's ability to detect fraud.

The results of this study indicate that professional skepticism has a significant effect on the auditor's ability to detect fraud. Thus, it can be concluded that the increasing professional skepticism of an auditor will improve the auditor's ability to detect indications of fraud at the Ministry of Institutions in Indonesia. On the contrary, the low professional skepticism of an auditor will reduce the auditor's ability to detect indications of fraud. With skepticism, a better auditor tends to make auditors more careful in withdrawing a verdict by trying to find adequate evidence and complete information to support adequate conclusions. "Professional skepticism is reflected by interrogative actions and tends to be more careful in attracting a decision, interpersonal understanding, high curiosity, confidence and confidence in decision making" (Hurt, et al, 2001:17).

The results of this study are not in line with the research results of Sulistyowati, L., & Supriyati (2016) and Agustina, F., Nurkholis, & Rusydi, M. K. (2021) which showed that "independency and audit time pressure do not affect the ability to detect fraud".

The results of this study support the research results of Rahim (2019), Deswanto (2020), Agustina, F., Nurkholis, & Rusydi, M. K (2021) who found that "professional skepticism has a positive and significant effect on fraud detection".

The results of this study suggest that professional auditors should have professional skepticism, following the theory of cognitive dissonance by Festinger (1957) which explains that: "the influence of the interaction between the auditor's professional skepticism and the factors affecting the detection of fraud". With professional skepticism, an auditor will be able to collect and find adequate audit evidence and not easily accept audit statements to be used as a basis for detecting indications of fraud.

b) Independency has a significant influence on an internal auditor's ability to detect fraud.

Based on the results of data analysis, the t-statistic value is 2.258 with a significance level of 10%, where the value is greater than the t-table which is 1.96, thus hypothesis H2 is accepted, which means that independency affects the auditor's ability to detect fraud. Furthermore, the original sample was obtained at 0.267, this value is a parameter coefficient that is positive, meaning that the higher the independency, the higher the auditor's ability to detect fraud.

The results of this study show that Independency has a significant effect on the ability of auditors to detect fraud. It also shows that the more independent an auditor is, the auditor is free from intervention in carrying out all audit procedures and impartial in conducting tests to reveal the facts as a whole to detect fraud. Thus, the attitude of independency is an attitude that must be instilled so that the auditor can maintain an impartial attitude in conducting examinations and other assignments carried out by the Internal Auditors of Ministries/Institutions in Indonesia.

The results of this study are in line with research by Arifin & Kunarto (2020) found that: "independency has a positive and significant effect on the ability of auditors to detect fraud". The results of this study are also supported by Hamilah's research (2019) found that: "audit independency has a significant effect on the ability to detect fraud";

The results of this study are in line with the agency theory by Jensen & Meckling, (1976) that: "auditors should avoid conflicts of interest with management (audited units) while maintaining independency". The results of this study also support the theory of cognitive dissonance by Festinger (1957) who explained: "the influence of the interaction between the independency of auditors and the factors that influence the detection of fraud".

c) Audit experience has a significant influence on an internal auditor's ability to detect fraud.

Based on the results of data analysis, the number of t-statistics obtained was 3,951, with a significance level of 10%, where the value was greater than the t-table of 1.96. Then the conclusion can be drawn that the H1 hypothesis is accepted, which means that professional skepticism affects the ability of an auditor to detect

indications of fraud. Then the original sample obtained 0.426 this value is a parameter coefficient that is positive, meaning that the higher professional skepticism of an auditor will increase the auditor's ability to detect indications of fraud.

The results of this study indicate that audit experience has a significant effect on the auditor's ability to detect fraud. This also shows that with a high level of experience an auditor will make it easier for auditors to detect fraud that occurs because the number and types of cases and modes of fraud are known to more than inexperienced auditors. Thus, auditors need to continuously improve their experience and skills to be able to conduct more accurate analyses in carrying out their duties and detecting fraud that occurs in government agencies in Indonesia. The results of this study are supported by research by Arifin, C. N., & Kunarto. (2020) which states that work experience has a positive and significant effect on auditors in detecting fraud. The results of this study are also supported by the research of Sulistyowati, L., & Supriyati. (2016) which says that experience affects fraud detection.

The results of this study also support the cognitive dissonance theory by Festinger (1957) which explains the effect of the interaction between auditors' audit experience and the factors that influence fraud detection.

- d) The Knowledge of the Internal Control System has a significant influence on the Internal Auditor's ability to detect fraud.

Based on the results of data analysis, the t-statistical value is 3.743 with a significance level of 10%, where the value is greater than the t-table, which is 1.98, thus hypothesis H4 is accepted, which means that understanding of the internal audit control system affects the ability auditors in detecting fraud. Furthermore, the original sample was obtained at 0.576, this value is a positive parameter coefficient, meaning that the higher the audit experience, the higher the auditor's ability to detect fraud.

The results of this study indicate that an understanding of the audit internal control system has a significant effect on the auditor's ability to detect fraud. This also shows that the better the auditor understands the internal control system built by the auditee, the easier it is for the auditor to detect fraud. Thus, in carrying out audit duties and other duties, internal auditors need to recognize and understand audited controls as a whole to be able to determine the focus of the audit properly.

The results of this study support the research results of Umar, H., Indriani, A., & Purba, R. B. (2019) which state that internal control directly affects the quality of regional financial reports through fraud prevention. This study proves that from the theory of fraud pentagon factors, there are factors related to

internal control, namely competence. Competence can make an auditor ignore internal controls, develop concealment strategies, and control social situations for his benefit. The results of this study are in line with the behaviorism theory by Gage & Berliner (1979) which emphasizes that auditors need to understand risk factors and internal control in audit planning to detect fraud and require auditors to develop an assessment of the level of fraud.

V. CONCLUSION

Based on the analysis and research results, this study concludes that:

- Professional skepticism has a positive and significant effect on the ability of auditors to detect fraud. Thus, the better the level of professional skepticism of an auditor, the more able the auditor will be able to detect fraud.
- Independency has a positive and significant effect on the auditor's ability to detect fraud. This conclusion shows that a higher level of independency of an auditor will be able to prevent the auditor from intervening in carrying out supervisory duties to be able to uncover all facts and detect fraud.
- Audit experience has a significant effect on the auditor's ability to detect fraud. This shows that with a high level of experience an auditor will make it easier for the auditor to detect fraud.
- An understanding of the audit internal control system affects the auditor's ability to detect fraud. This shows that the better the auditor understands the internal control system built by the auditee, the easier it is for the auditor to detect fraud.

VI. SUGGESTION

The suggestion given to several parties related to this research are:

- It is advisable for the Government Internal Auditor to maintain an attitude of independency and professional skepticism in carrying out audit duties and other supervisory duties and to pay attention to timeliness in making decisions on supervisory results so that the results of the assignment can provide timely and effective benefits.
- It is also recommended that the Government Internal Supervisory Apparatus leaders of the Audit Team pay attention to the combination of experienced auditors with inexperienced auditors and combine auditors who have experience in certain assignment fields with the new auditors.
- For the Government Internal Auditor, it is recommended that in determining the audit procedure keep in mind the internal control developed by the auditee.

Meanwhile, for further research that has the same dependent and independent variables as this research, it is recommended to:

- Respondents' data mining should use the interview method so that the information extracted is more extensive and accurate.

- Increase the number of respondents studied because a large number of respondents will affect the research results obtained to be accurate.
- Researching other variables that affect the auditor's ability to detect fraud such as application of risk-based auditing, understanding of the control environment, risk assessment, control activities, information and communication as well as control monitoring activities carried out by the auditee

REFERENCES

- [1.] Agyemang, J. K. (2011). Internal Control and Fraud Detection. *Choice Reviews Online*, 49(01), 1–10. <https://doi.org/10.5860/choice.49-0384>
- [2.] Akdon, & Riduwan. (2013). *Rumus dan Data Dalam Analisis Statistika*. Alfabeta.
- [3.] Ali, C. Ben. (2020). Agency Theory and Fraud. *Corporate Fraud Exposed, 1976*, 149–167. <https://doi.org/10.1108/978-1-78973-417-120201009>
- [4.] Arens, E., & Beasley. (2012). *Auditing and Assurance Services An Integrated Approach* (Fourteenth).
- [5.] Arifin, C. N., & Kunarto. (2020). The Influence of Professional Skepticism, Work Experience and Independency of an Auditor on the Ability to Detect Frauds (Empirical Study on Kap in Jakarta). *Indonesian College of Economics*, 3, 1–22.
- [6.] Deswanto, V. (2020). The Effect of Attitudes, Organizational Commitments, Severity of Cheating Levels, Personal Cost of Reporting and Job Commitment To Whistleblowing Intentions. *ACCUALS (Accounting Research Journal of Sutaatmadja)*, 4(01), 96–103. <https://doi.org/10.35310/accruals.v4i01.408>
- [7.] Festinger, L. (1957). *A Theory of Cognitive Dissonance*. Standford University Press.
- [8.] Gage, N. L., & Berliner, C. D. (1979). *Educational Psychology*. Rand Mc Nelly, College Publishing Company.
- [9.] Ghozali, I. (2014). *Structural Equation Modeling: Metode Alternatif dengan Partial Least Square*. Badan Penerbit Universitas Diponegoro.
- [10.] Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a Silver Bullet. *Journal of Marketing Theory and Practice*, 0. <https://doi.org/10.2753/MTP1069-6679190202>
- [11.] Hair, Joseph F., Hult, T., Ringle, C., & Sarstedt, M. (2014). *a primer on Partial Least Squares Structural Equation Modeling*. SAGE Publications.
- [12.] IAPI. (2014). *Standar Audit*. [http://spap.iapi.or.id/1/files/SA 200/SA 240.pdf](http://spap.iapi.or.id/1/files/SA%200/SA%240.pdf)
- [13.] Jensen, M., & Meckling, W. (1976). Theory of The Firm: Managerial Behavior, Agency Cost, And Ownership Structure. *Journal of Financial Economics*, 3, 305–360.
- [14.] Joseph, O. N., Albert, O., & Byaruhanga, J. (2015). Effect of Internal Control on Fraud Detection and Prevention in District Treasuries of Kakamega County. *International Journal of Business and Management Invention*, 4(1), 47–57.
- [15.] Marks, J. (2012). *The Mind Behind the Fraudsters Crime: Key Behavioral and Environmental Elements*. Crowe Horwath LLP.
- [16.] Mulyadi. (2014). *Auditing Buku 2* (6th ed.). Salemba Empat.
- [17.] Rahim, S., Muslim, M., & Amin, A. (2019). Red Flag And Auditor Experience Toward Criminal Detection Trough Profesional Skepticism. *Jurnal Akuntansi*, 23(1), 47–62. <https://doi.org/10.24912/ja.v23i1.459>
- [18.] Said, L. L., & Munandar, A. (2018). The Influence of Auditor'S Professional Skepticism and Competence on Fraud Detection: the Role of Time Budget Pressure. *Jurnal Akuntansi Dan Keuangan Indonesia*, 15(1), 104–120. <https://doi.org/10.21002/jaki.2018.06>
- [19.] Sanusi, A. (2014). *Metode Penelitian Bisnis*. Salemba Empat.
- [20.] Shohihah, I., Djamhuri, A., & Purwanti, L. (2018). Determinants of Internal Audit Effectiveness and Implication on Corruption Prevention in The Religious Ministry. *Wacana*, 21(1), 1–14.
- [21.] Sugiyono. (2013). *Metode Penelitian Kuantitatif, Kualitatif dan R&D* (19th ed.). Penerbit Alfabeta.
- [22.] Sugiyono. (2017). *Metode Penelitian Administrasi Dilengkapi Dengan Metode R&D*. Alfabeta.
- [23.] Sulistyowati, L., & Supriyati. (2016). The Effect of Experience, Competence, Independency, and Professionalism of Auditors on Fraud Detection. *The Indonesian Accounting Review*, 5(1), 95–110. <https://doi.org/10.14414/tiar.v5i1.494>
- [24.] Susanto, E. E., Syarifuddin, & Syamsuddin. (2020). The Effect of Professional Skepticism, Independency, and Time Pressure on The Ability Auditors In Detect Fraud With Experience as a Moderated Variable (Study at BPK RI Representative of East Kalimantan). *Journal of Critical Review*, 7(19), 3138–3148.
- [25.] Tim Penyusun Standar Pemeriksaan Keuangan Negara (SPKN). (2017). *Standar Pemeriksaan Keuangan Negara (SPKN)*. In *BPK Regulation No.1 2017*.
- [26.] Tuanakkota, T. M. (2010). *Akuntansi Forensik dan Audit Investigatif*. Salemba Empat.
- [27.] Umar, H., Erlina, Fauziah, A., & Purba, R. B. (2019). Audit Quality Determinants and the Relation of Fraud Detection. *International Journal of Civil Engineering and Technology*, 10(03), 1447–1460.
- [28.] Umar, H., Indriani, A., & Purba, R. B. (2019). the Determinant Fraud Prevention of Quality Local Government'S Financial Report. *Jurnal Akuntansi Dan Bisnis: Jurnal Program Studi Akuntansi*, 5(1), 41. <https://doi.org/10.31289/jab.v5i1.2310>
- [29.] Vousinas, G. L. (2019). Advancing Theory Of Fraud: The S.C.O.R.E. Model. *Journal of Financial Crime*, 136(4), 39–40.
- [30.] Wijanto, S. H. (2008). *Structural Equation Modeling*.
- [31.] Yessie, A. (2020). Effect Experience, Professional Auditor Independency, And Vigilance Against Fraud Detection (Empirical Study On Regional Public Accounting Firm In Central Jakarta). *Archives of Business Research*, 8(9), 115–129. <https://doi.org/10.14738/abr.89.9054>