Independence and Competence on Audit Fraud Detection: Role of Professional Skepticism as Moderating

Muhamad Yamin Noch[1], Muhdi B. Hi. Ibrahim[2], Mohammad Aldrin Akbar[3] Kartim[4], Entar Sutisman[5]

[1,2,3,4,5]*Universitas YAPIS Papua*

Email address:
[*] *abienoch12@gmail.com*

Abstract: We conducted this study to analyze and examine the effect of competence auditor independence on fraud detection. This study also analyzes the effect of competence auditor independence on fraud detection if moderated by professional skepticism. This study involved 59 auditors working at the Inspectorate of South Sulawesi Province. This sample selection uses the census method because the population is less than 100 people. We use primary data by providing questionnaires/statement sheets to respondents. The data analysis method uses the Smart PLS approach. The results showed that competence and auditor independence variables positively and significantly affected fraud detection. The auditor competence variable has a negative and significant effect on fraud detection if moderated by professional skepticism. The auditor competence variable positively and significantly affects fraud detection if moderated by professional skepticism.

Keywords: Competence, Independence, Fraud Detection, Professional Skepticism.

Abstrak: We conducted this study to analyze and examine the effect of competence auditor independence on fraud detection. This study also analyzes the effect of competence auditor independence on fraud detection if moderated by professional skepticism. This study involved 59 auditors working at the Inspectorate of South Sulawesi Province. This sample selection uses the census method because the population is less than 100 people. We use primary data by providing questionnaires/statement sheets to respondents. The data analysis method uses the Smart PLS approach. The results showed that competence and auditor independence variables positively and significantly affected fraud detection. The auditor competence variable has a negative and significant effect on fraud detection if moderated by professional skepticism. The auditor competence variable positively and significantly affects fraud detection if moderated by professional skepticism.

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INTRODUCTION

To determine the accuracy of the presentation of financial statements, a company or government agency requires audit services to provide financial reports properly to support the company's future development (Ozlanski, 2019). Audit work is a systematic process carried out by auditors to obtain and objectively evaluate evidence regarding the suitability of statements of economic activities and events in an organization during a period and then compared with predetermined criteria (Achim and Borlea, 2015). The results of this audit work are presented to interested parties in an opinion.

In carrying out the audit role, an auditor must have the expertise and skills in carrying out his duties to be responsible for planning and carrying out the audit to obtain assurance whether the financial statements are free from material misstatement. In order to minimize fraud, companies and government agencies need effective and efficient ways to improve internal control. The internal auditor is part of internal control that functions to assist in preventing and detecting fraud that may occur (Cheng et al., 2021; Harris et al., 2018). (Brad et al., 2015) distinguishes the main types of fraud, namely financial statement fraud and asset misappropriation. The emergence of fraud or corruption cases in implementing the 2018 Makassar Mayor and Deputy Mayor Elections is a phenomenon of fraud and corruption that still often occurs in this country. This case arose after the 2018 Makassar Mayor and Deputy mayor elections. The Inspectorate also inspected in January 2019. The grant fund, which should have been Rp60 billion, was found to be in a cash shortage of Rp5.891 billion in November 2018, which found overdrawn cash of Rp 5.6 billion, even in its implementation, it was also found that the 2018 Makassar Mayor and Deputy Mayor Election budget plan was not realized. Including tax levies that are not deposited into the state or regional treasury (Aida, 2021); (Widiyati et al., 2021).

This case illustrates that, currently, fraud in government agencies involves people who have high positions and people under them and does occur not only in the central government environment but also in the local government environment (Gutiérrez and Hernández, 2020). (Islam and Stafford, 2022; Singh and Best, 2016) stated that fraud among companies even government agencies had increased quite rapidly. Increased fraud will impact the emergence of financial and non-financial losses and will end in company bankruptcy. It shows that fraud is a misstatement or loss of amounts in the financial statements intentionally (Zhu et al., 2021).

The auditor's inability to detect fraud is caused by factors originating from the auditor himself (internal factors) and factors originating from non-auditors (external factors). The internal factors in question are auditor independence and auditor skepticism, and external factors include auditor competence and audit training (Ferramosca and Allegrini, 2018). An auditor, in carrying out professional work, must have competence. (Liahmad et al., 2020); (Madawaki et al., 2021) suggests that a competent person (has expertise) is a person who has the skills to do his job efficiently, quickly, intuitively, and very rarely or never makes mistakes, so that auditors can quickly detect fraud because auditors have procedural skills and extensive knowledge as evidenced by experience in conducting audits. Likewise, with an independent mental attitude, the auditor must maintain an independent mental attitude to prevent relationships with clients that might interfere with the auditor's objectivity in carrying out his duties with full responsibility. Auditors who have an independent attitude will always think objectively, honestly, and always act fairly so that they can detect fraud

(Shen et al., 2021). An attitude of professional skepticism also needs to be owned by the auditor, especially when obtaining and evaluating audit evidence. Without applying professional skepticism, the auditor will only find misstatements caused by errors. It is difficult to find that the auditor will usually hide misstatements caused by indications of fraud and the culprit (Ozcelik, 2020).

Several studies related to competence and fraud, conducted by (Endri, 2020; Garanina et al., 2021) found a significant and positive influence between competence and fraud. (Yin et al., 2020) found different research results, which stated that competence had a negative effect on the auditor's ability to detect fraud. In addition, several studies related to independence and fraud (Putri et al., 2021) found a significant and positive influence between independence and fraud. Different research results were found by (Simanjuntak, 2015) that independence did not affect Fraud Detection Ability.

This study uses professional skepticism as a moderating variable with the consideration that professional skepticism is one of the essential factors necessary in detecting fraud. The use of professional skepticism is supported by the statement by (Jaya and Irene, 2016) that auditors with high skepticism will increase their ability to see it by developing a search for additional information when faced with symptoms of fraud.

The motivation in conducting this research is as follows: first, an auditor will face pressure to identify financial statements or audit evidence. One of the keys to getting out of this pressure is conducting inspections or detecting fraud. Fraud is an intentional misstatement or loss of amounts in financial statements. So that fraud detection needs to get serious attention because increasing the ability of an auditor to detect fraud can reduce the occurrence of fraud in the presentation of financial statements. Second, several previous studies showed inconsistent results, so the authors wanted to do the research again. Third, this research is inspired by the research conducted by (Ozcelik, 2020) regarding the Effect of Auditor Independence, Competence, and Experience on Fraud Detection with Professional Skepticism as an Intervening Variable. However, in this study, researchers will use only 2 independent variables: auditors' competence and independence and professional skepticism as a moderating variable.

THEORITICAL REVIEW

This study uses attribution theory to explain the process of how someone seeks clarity on the causes of other people's behavior (Lin et al., 2022; Stiegert et al., 2021). This theory was developed by Fritz Heider, who argues that a person's behavior is determined by internal forces, namely factors that come from within a person such as ability or effort and external forces, namely factors that come from outside, such as task difficulties or luck (Wen and Liu-Lastres, 2021). Attribution theory (relationship) was put forward to explain judging individuals differently. Attribution theory discusses the factors that cause something to happen, whether due to internal or external factors. Based on this description, it can be concluded that attribution theory can be used as a basis for finding the factors that influence the auditor to detect fraud. In this study, attribution theory is used to explain how the influence of the internal auditor, namely the competence, independence, and professional skepticism of the auditor in carrying out his duties and responsibilities, can affect the auditor's actions in detecting fraud. As described above, both are internal factors that encourage an auditor to implement audit procedures in disclosing fraud effectively. With

the competence and independence possessed by the auditor, the auditor can easily find fraud and formulate his opinion correctly to maximize the auditor's ability to detect fraud. To achieve the expected results, the auditor must also use the skills possessed to contain judgments and use his skepticism correctly to obtain and evaluate sufficient evidence to provide a reasonable and impartial audit opinion in detecting fraud.

Everyone can commit fraud. It happens because of the urge to commit fraud which is called the Fraud triangle theory. Fraud triangle theory is an idea that examines the causes of fraud. (Fernandez et al., 2021) states this idea is called the fraud triangle. Pressure causes a person to commit fraud. Pressure can be in lifestyle, economic demands, and others. According to Statement On Auditing Standards (SAS) No. 99, four types of conditions commonly occur in pressure that can lead to fraud. These conditions are financial stability, external pressure, personal financial needs, and financial targets (Ferramosca, 2019). There is an opportunity for fraud to occur. Weaknesses in internal control, ineffective management oversight, or abuse of position or authority can create opportunities for fraud. Of the three fraud risk factors (pressure, opportunity, and rationalization), an option is an essential tool that can occur at any time, so it requires supervision from the organizational structure from the top. Statement On Auditing Standards (SAS) No. 99 states that opportunities for financial statement fraud can occur in three categories of conditions. These conditions are the nature of the industry, ineffective monitoring, and organizational structure (Norbarani, 2012). Rationalization is an essential component of many frauds and is the most challenging part of the fraud triangle to measure. Rationalization causes the perpetrators of fraud to seek justification for their actions. (Norbarani, 2012). According to Statement On Auditing Standards (SAS) No. 99, rationalization in a company can be measured by the auditor turnover cycle, audit opinion, and the total condition of accruals divided by total assets.

(Kertarajasa et al., 2019) defines that a competent person (has expertise) is a person who, with his skills, does work efficiently, quickly, intuitively, and very rarely or never makes mistakes. If the auditor has sufficient competence, the auditor can detect fraud and vice versa. If the auditor does not have competence, the auditor cannot detect fraud. Research conducted by (e.g., Best et al., 2001; Islam and Stafford, 2022; Luo et al., 2021) states that competence significantly affects fraud detection. So in this study, the following hypotheses can be formulated:

H1: Auditor competence has a positive effect on fraud detection.

Auditors who have an independent attitude will always think objectively, honestly, and act reasonably to detect fraud. Auditors must maintain an independent mental attitude to prevent relationships with clients that might interfere with the auditor's objectivity in carrying out their duties (Endri, 2020). Research on independence includes a study conducted by (Kertarajasa et al., 2019; Liahmad et al., 2020) where independence has a significant and positive effect on fraud detection. Independence is a factor that can affect fraud detection. Using independence can improve an auditor's ability to detect fraud better. So in this study, the following hypotheses can be formulated:

H2: Auditor independence has a positive effect on fraud detection.

The increased level of competence will impact expanding the ability of auditors to detect fraud for the better. Research conducted by (Anggraini and Rahmawati, 2016) states that competence has a positive and significant effect on professional skepticism. So it is possible to have the ability to strengthen the relationship between competence and fraud detection.

H3: Professional Skepticism Can Strengthen the Relationship between Auditor Competence and Fraud Detection.

Auditors who maintain an independent mental attitude can prevent their relationship with clients, interfering with the auditor's objectivity in carrying out their duties. Auditors who have an independent perspective will always think objectively, honestly, and always act fairly so that they can detect fraud (Hurtt, 2013; Jaya and Irene, 2016). Using independence can improve the auditor's ability to detect fraud better. (Salloum et al., 2014) stated that auditor independence has a positive and significant effect on professional skepticism. So it is possible to strengthen the relationship of independence with fraud detection fraud. Then the hypothesis is formulated as follows:

H4: Professional Skepticism can Strengthen the Relationship between Auditor Independence and Fraud Detection.

METHODS

This research was conducted at the Office of the Inspectorate of South Sulawesi Province, Makassar City. The population in this study were all internal auditors who worked at the Inspectorate Office of South Sulawesi Province, Makassar City, amounting to 59 people. The sample selection method used is the census method or makes the entire population a sample because the total population in the study is less than 100 (Chin and Dibbern, 2010).

Table 1. Research Sample

No.	Position	Total Population
1.	Associate Auditor	5
2.	Young Auditor	23
3.	First Auditor	26
4.	Supervising Auditor	2
5.	Implementing Auditor	1
6.	Advanced Executing Auditor	2
	Total	59

Source: Data from the Inspectorate of South Sulawesi Province (2020)

All statement items in the questionnaire from each variable in this study will be measured using an ordinal scale giving weight or score for each answer that has been filled out by respondents such as (1 = Strongly Disagree, 2 = Disagree, 3 = Disagree, 4 = Agree, 5 = Strongly Agree).

Table 2. Variable Operational Measurement

Variable	Indicator
Competence (CO)	1. Personal Quality
	2. General Knowledge
	3. Special Skills
Independence (IN)	1. Independence in fact
	2. Independence in appearance
	3. Independence from the point of view of expertise
Professional Skepticism (PS)	1. The mind that always questions
	2. Delay in decision making
	3. Knowledge seeking
	4. Interpersonal understanding
	5. Confident
Fraud Detection (FD)	1. Knowledge of Cheating
	2. Ability in the Detection Stage

The primary analytical method in this research is the Structural Equation Model (SEM) with the help of the Smart PLS program (Version 3.0) through several stages of analysis. The first stage is a descriptive analysis of the respondent's responses to the questions. The second stage is to do a full test (SEM Model) to see the loading factor value of the research construct. The third stage conducts convergent validity, composite reliability, and discriminant validity.

RESULTS

59 questionnaires were distributed directly to the respondents, each of the Inspectorate auditors, and we managed to collect 47 questionnaires as presented in table 3.

Table 2. Distribution and Return of Questionnaires

Information	Total	Percentage (%)
Questionnaire distributed/given	59	100%
Returning Questionnaire	47	79,66%
Questionnaire that does not return	12	20,33%

Source: (primary data processed, 2020).

Furthermore, a descriptive analysis of the respondent's answers to the statements submitted at the time of the study is shown in table 3.

Table 3. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Competence	47	23.00	30.00	26.574	2.285
Independence	47	25.00	34.00	29.404	2.275
Professional Skepticism	47	32.00	48.00	39.383	3.418
Fraud Detection	47	20.00	30.00	25.830	2.668
Valid N (listwise)	47				

Based on table 3, the minimum value of the respondents' answers to the question items from the competency variable has an average value of 26,574 for 6 statement items (26,574: 6 = 4,429), so that it is 4,429. It shows that the respondents' answers to the competency variable are (Strongly Agree) with a standard value deviation of 2.285. The independence variable has an average value of 29,404 for 7 statement items (29,404 : 7 = 4,200). It shows that the respondent's answer to the independent variable is (Strongly Agree) with a standard deviation of 2.275. The Professional Skepticism variable has an average value of 39,383 for 10 statement items (39,383: 10 = 4 This shows that the respondent's answer to the professional skepticism variable is (Strongly Agree) with a standard deviation 3,418. The Fraud Detection Variable has an average value of 25 .83 with 6 statement items (25.83 : 6 = 4,305). It shows that the respondent's answer to the fraud detection variable is (Strongly Agree) with a standard deviation of 2,668. The test results show a loading factor value below 0.50, so data must be dropped to remove indicators with a loading value below 0.50 to obtain a good model.

Three measurement criteria were used in the data analysis technique using Smart PLS to assess the model. The three measurements are convergent validity, composite reliability, and discriminant validity. Convergent Validity of the measurement model with the reflective indicator model is assessed based on the correlation between the item score or component score with the construct score calculated by PLS. The reflective measure is high if the correlation is more than 0.70. However, the measurement scale for loading values of 0.50 to 0.70 is considered sufficient (Elrehail, 2018; Sudibjo and Prameswari, 2021).

Table 4. Outer Loading Validity Test

	Auditor Competence	Information
CO1	0.750	Valid
CO2	0.680	Valid
CO3	0.694	Valid
CO4	0.678	Valid
CO5	0.826	Valid
CO6	0.794	Valid
IN1	0.866	Valid
IN2	0.722	Valid
IN3	0.769	Valid
IN4	0.617	Valid
IN5	0.825	Valid
IN6	0.681	Valid
IN7	0.558	Valid
FD1	0.729	Valid
FD2	0.698	Valid
FD3	0.903	Valid
FD4	0.834	Valid
FD5	0.751	Valid
FD6	0.852	Valid
PS1	0.766	Valid
PS2	0.732	Valid
PS3	0.687	Valid
PS4	0.689	Valid
PS5	0.745	Valid
PS6	0.755	Valid
PS7	0.680	Valid
PS8	0.799	Valid
PS9	0.684	Valid
PS10	0.680	Valid

The estimation results of the outer loading test calculation, as shown in table 4, show that all indicators are declared valid to measure the constructs of all variables. Next is to do a reliability test to measure the reliability of the data used. The reliability of the research instrument in this study was tested using composite reliability and the Cronbach Alpha coefficient. A construct is reliable if the value of composite reliability and Cronbach's alpha are above 0.70. In addition, the AVE measurement can be used to measure the reliability of the component score of latent variables, and the results are more conservative than composite reliability. The AVE value is recommended to be more significant than 0.50.

Table 5. Cronbach's Alpha, Composite Reliability, and AVE Test Results

	Cronbachs Alpha	Composite Reliability	AVE	Information
Auditor Competence	0.812	0.865	0.764	Reliable
Independent Auditor	0.770	0.844	0.680	Reliable
Professional Skepticism	0.720	0.795	0.668	Reliable
Fraud Detection	0.868	0.906	0.778	Reliable

Table 5 shows that the results of composite reliability and Cronbach's alpha show a fair value, namely, the value of each variable is above the minimum value of 0.70. The AVE value generated by all the above constructs is > 0.50. It shows that the consistency and stability of the instrument used are high. In other words, all constructs, namely competence, independence, professional skepticism, and fraud detection variables, have become appropriate measuring tools.

The next step is to test the discriminant validity that the manifest variables of different constructs should not be highly correlated. The way to test discriminant validity with reflection indicators is by comparing each AVE square root to the correlation value between constructs. If the value of the square root of the AVE is higher than the correlation value between the constructs, then it is declared to meet the criteria of Discriminant validity (Ghozali, 2011).

Table 6. Discriminant Validity

Fornell-Larcker Criterion

	FD	Moderating Effect IN-PS	Moderating Effect CO-PS	IN	CO	PS
FD	0.813					
Moderating Effect IN-PS	0.150	1.000				
Moderating Effect CO-PS	0.072	0.859	1.000			
IN	0.668	-0.112	-0.030	0.726		
CO	0.668	-0.031	-0.152	0.713	0.751	
PS	0.705	0.038	-0.035	0.558	0.689	0.754

Based on table 5, the square root value of AVE is higher than the correlation value, so it can be concluded that the model is valid because it has met discriminant validity. Inner-model (interrelation, structural model, and substantive theory) describes latent variables' relationship based on substantive theory. The structural model was evaluated using R-square for the dependent variable. Assessing the model with PLS begins by looking at the R-square for each latent dependent variable. The interpretation is the same as the interpretation in the regression. Changes in the R-square can assess the effect of certain independent latent variables on the latent dependent variable whether it has a substantive.

Table 6. R-Square Construct Variables

	R Square
Fraud Detection	0.652

From table 14, it can be seen that the R-Square value for the fraud detection variable is 0.652, which means that it is included in the moderate category. The R-square value of fraud detection is 0.652 or 65.2%. It indicates that the fraud detection variable can be explained by auditors' competence and independence variables with professional skepticism as to the moderating variable, 65.2%. In comparison, the remaining 34.8% can be explained by other variables. which were not found in this study. The proposed hypothesis is made by testing the structural model (inner model) by looking at the path coefficients, which show the parameter coefficients and the t statistical significance value. The significance of the estimated parameters can provide information about the relationship between research variables. The limit for rejecting and accepting the hypothesis is sig P Values < 0.05. The table below presents the estimated output for structural model testing.

Table 7. Hypothesis Testing based on Path Coefficient

	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CO → FD	0.045	2.484	0.011
IN → FD	0.044	2.986	0.003
PS → FD	0.049	2.657	0.008

Table 8. Hypothesis Testing based on Moderating Effect

	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Moderating Effect CO-PS → FD	0.119	2.310	0.021
Moderating Effect IA-PS → FD	0.067	2.420	0.014

Based on table 7, it can be seen that the competency variable has a significant level of (t = 2.484) with a significance value of p-value = 0.01 < 0.05. with a small standard deviation of 0.045. The positive coefficient indicates a unidirectional relationship between the competence and fraud detection variables. It means that the better the auditor's competence, the auditor can detect fraud. It means that (H1) in this study is accepted. The independence variable has a significant level of 0.003, smaller than 0.05. The parameter coefficient value is 2,986 and is positive. It means that if the auditor's independence is getting better, the ability of an auditor to detect fraud will also be better. It means that (H2) in this study is accepted.

Based on table 8, the competency variable has a significant level of 0.021 <0.05. The parameter coefficient value is 2.310 and is positive. It means that (H3) in this study is accepted. It indicates that professional skepticism is a moderating variable that strengthens the relationship between competence and fraud detection. The independence variable has a significant level of 0.014 <0.05. The parameter coefficient value is 2.420 and is positive. It means that the higher the independence of an auditor, the auditor's ability to detect fraud will increase if moderated by professional skepticism. It means that (H4) in this study is accepted. It indicates that the professional skepticism variable is a moderating variable that can weaken the relationship between independence and fraud detection.

DISCUSSION

Testing the first hypothesis shows that auditor competence positively and significantly affects fraud detection. If the competence of the auditor increases, the auditor's ability to detect fraud will increase. The respondent's answer indicates that in the agency where the auditor works, they must have knowledge obtained from the level of education and particular expertise to minimize the level of fraud that occurs. When an auditor fails to uncover a major financial statement misstatement caused by fraud, the defensive response is frequently "a financial statement audit is not a fraud audit." This analogy, in this author's opinion, incorrectly indicates that a financial statement auditor has no responsibility to uncover fraud, eroding public confidence in the quality and utility of independent audits. It can also mislead those assessing the auditor's performance after a major undetected fraud, such as boards of directors and audit committees considering reappointment, judges and juries deciding liability, and even audit firms assessing their own culpability and determining whether firm policies and procedures should be revised. The integrity of the audit process is even more important; if the audit team believes that detecting fraud is not actually an auditor's role, then compliance with auditing standards on fraud prevention may become a rote exercise rather than just a focus of the audit. The goal of this essay is to highlight the genuine differences between a financial statement and a fraud audit, as well as debunk some common misconceptions about the two. This article does not attempt to thoroughly explain or even outline all aspects of fraud checks and audits; rather, it concentrates on how the two services differ in their responsibilities to detect fraud. Some auditors claim they are not responsible for detecting fraud. True, the auditor is not accountable for all fraud detection; nonetheless, for the auditor that have any detection obligation, the fraud must materially misstate the financial statements. The only other relevant criterion is that the level of certainty of detection is not comprehensive, and the auditor is sometimes not at fault simply because a major misrepresentation was not detected. However, no professional, even the service that is frequently falsely referred to as a "fraud audit," can guarantee goal of providing a professional service. The primary purpose of most fraud investigations is to ascertain whether or not fraud supposedly happened. However, a specific engagement may have other objectives, such as establishing and securing evidence for use in a judicial or other disciplinary proceeding, or providing proof to recover damages from an insurer. The goal of a financial statement audit is to identify whether there are any major misstatements, whether intentional or not; in other terms, a fraud examiner's priority is proving the type and scope of a specific fraud, but an auditor's concentration is on detecting material misstatements. Several additional naturally occurring variations, such as scope, methodology, and professional standards, as well as the connection with stakeholders, are implicit in this difference. (Endri, 2020) explains that if the auditor has sufficient competence, the auditor can detect fraud, and vice versa if the auditor does not have competence, the auditor cannot detect fraud. (Best et al., 2001); (Luo et al., 2021) explain that using competence will improve the auditor's ability to detect fraud better. The tendency to commit fraud will be lower so the resulting financial statements can provide relevant information.

The results of testing the second hypothesis show that auditor independence has a positive and significant effect on fraud detection, meaning that if auditor independence increases, fraud detection will increase. The respondent's answer indicates that in the

institution where he works, an auditor must be honest and impartial or free from client interference in the audit process to minimize the level of fraud that occurs. (Islam and Stafford, 2022) states that if the auditor has an attitude of independence, the auditor will always think objectively, honestly, and act fairly. Independence means that the auditor has honesty in considering the facts and the existence of objective and impartial considerations when formulating and expressing opinions. Using independence can improve an auditor's ability to detect fraud for the better so that it is less likely that there will be a tendency for fraud to occur. There is no unambiguously defined notion for developing independence rules in the profession's authorized literature on audit independence. By way of a crystal-clear understanding. Of fact, there are numerous principles for judging independence in special contexts, however these rules are too ingrained in the unique situations to be relevant to all others. To give a basic example, the rule prohibiting an auditor from acquiring any direct or major indirect financial interest in the auditee does not indicate whether intimate familial with client executives are compatible with objectivity. As a result, the regulation about financial interests fails to clarify what is included in the excluded from the category of audit independence effectively.

The results of testing the third hypothesis indicate that auditor competence has a positive and significant effect on fraud detection, moderated by professional skepticism. The higher the auditor's competence, which is strengthened by professional skepticism, the ability to detect fraud will increase, thereby minimizing the level of fraud. Conversely, if the auditor's competence is not supported by professional skepticism, the ability to detect fraud will decrease to minimize the level of fraud that occurs. Suryo, (2018) explains that if the auditor has sufficient competence, the auditor can detect fraud, and vice versa if the auditor does not have competence, the auditor cannot detect fraud. The auditor's professional skepticism is a critical attitude that constantly questions the reliability of audit evidence or information obtained from the client. (Arens et al., 2011) define professional skepticism as an auditor's attitude that does not assume dishonest management but does not assume absolute honesty. (Kautsarrahmelia, 2013) states that auditors can train professional skepticism in carrying out audit tasks, giving an opinion must be supported by competent audit evidence. In collecting this evidence, the auditor must use his professional attitude to obtain convincing evidence as to the basis for making decisions by various parties. Auditors who do not use professional skepticism can only detect errors but are not necessarily able to detect fraud.

The results of testing the fourth hypothesis indicate that independence has a negative and significant effect on fraud detection, moderated by professional skepticism. The higher the independence, which is strengthened by professional skepticism, the ability to detect fraud will increase so that the likelihood of fraud is less likely. On the other hand, if the auditor's independence is not strengthened by professional skepticism, the ability to detect fraud will decrease so that there is a greater possibility of fraud. (Mulyadi, 2014) states that if the auditor has an attitude of independence, the auditor will always think objectively, honestly, and act fairly. Independence means that the auditor has honesty in considering the facts, and there is an objective and impartial consideration in himself auditor when formulating and expressing his opinion. In this case, the study shows that the higher the auditor's independence, the less likely it is that there will be a tendency for accounting fraud to occur.

CONCLUSION

Auditor competence has a positive and significant effect on fraud detection. It means that if the competence of the auditor increases, the auditor's ability to detect fraud will increase. Auditor independence has a positive and significant effect on fraud detection. It means that if the independence of the auditor increases, the detection of fraud will increase. Auditor competence has a negative and significant effect on fraud detection moderated by professional skepticism. If the competence of auditors is not strengthened by professional skepticism, the ability to detect fraud will decrease so as not to minimize the level of fraud that occurs. Independence has a negative and significant effect on fraud detection moderated by professional skepticism. If auditor independence is not strengthened by professional skepticism, detecting fraud will decrease so that there is a greater possibility of fraud.

The results of this study are expected to provide input and consideration for the relevant inspectorate to increase further professional skepticism, which is the moderating variable to detect fraud and reduce the level of fraud easily. Further researchers must research at the right time in distributing questionnaires to avoid delays in returning the questionnaires or losing data from respondents.

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