

# Analysis Of Factors Influencing The Occupation Of Fraud Detection

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**Abstract:** This study analyzes the influence of Forensic Accounting, Investigative Audit Capability and Auditor Experience on Fraud Detection from the Perspective of BPK and Central BPKP Auditors. The population of BPK and Central BPKP employees in Jakarta totalled 218; the sample obtained was 97. The quantitative research method tests the hypothesis, and the data is processed by Smart PLS 3.00. The findings show that Forensic Accounting does not affect fraud detection. Investigative Audit Ability has a significant effect on fraud detection, and Auditor Experience has a significant effect on Fraud Detection. The study results show that forensic accountants are not fully involved in fraud detection efforts, so the influence of forensic accountants plays little role in fraud detection.

**Keywords:** Auditor Experience; Forensic Accounting; Fraud; Investigation Audit.

**Abstrak:** Penelitian menganalisis pengaruh Akuntansi Forensik, Kemampuan Audit Investigasi dan Pengalaman Auditor terhadap Pendeteksian Kecurangan dalam Perspektif Auditor BPK dan BPKP Pusat. Populasi karyawan BPK dan BPKP Pusat di Jakarta berjumlah 218 orang, dan sample diperoleh 97 orang. Metode penelitiannya kuantitatif untuk menguji hipotesis dan data diolah Smart PLS 3.00. Temuan menunjukkan Akuntansi Forensik tidak berpengaruh terhadap pendeteksian fraud. Kemampuan Audit Investigasi berpengaruh secara signifikan terhadap pendeteksian fraud dan Pengalaman Auditor berpengaruh secara signifikan terhadap Pendeteksian Kecurangan. Hasil penelitian menunjukkan bahwa akuntan forensik belum sepenuhnya terlibat dalam usaha pendeteksian kecurangan sehingga pengaruh akuntan forensik kurang berperan dalam pendeteksian fraud.

**Kata Kunci:** Pengalaman Auditor; Akuntansi Forensik; Fraud; Audit Investigasi.

## INTRODUCTION

The internal auditor is part of internal control that assists in preventing and detecting fraud that may occur (Cheng et al., 2021; Harris et al., 2018). (Brad et al., 2016) distinguishes the main types of fraud: financial statement fraud and asset misappropriation. Fraudulent financial reporting is an intentional misstatement of financial reporting through omission of important facts or disclosures, misstatement of figures, or misapplication of applicable accounting principles. Act of manipulation, alteration and falsification of financial records and supporting documents in transactions, as well as eliminating evidence of an event, transaction or information. Another important thing is some things that can be done in fraud on financial statements.

Discussion of the results of research on fraud detection never stops, and this time the author re-discusses the importance of knowledge about fraud detection from the



perspective of BPK auditors and Central BPKP in Jakarta. Fraud detection is very urgent to be carried out in many companies or any agency. Still, the fraud detection discussed this time is related to fraud detection in internal government institutions at the Central BPK and BPKP.

Generally, fraud can occur because it is caused by three things illustrated in the fraud triangle, namely the existence of opportunity, pressure and rationalization. Fraud has several types: corruption, fraudulent statements and asset misappropriation. Corruption is an act of fraud that is difficult to detect because someone against the parties involved commits it. Corruption most often occurs in countries with weak laws, so many perpetrators lack the awareness and fear to commit corruption such as bribery, extortion and abuse of authority because the punishment received by the perpetrator is not too burdensome.

Company officials usually carry out fraud in financial statements on the results of financial statements by manipulating them for personal gain. Asset fraud is the theft or misuse of company assets, such as money and company property, for personal gain; this fraud can be calculated or measured and is the easiest to detect.

There are various state-owned institutions that carry out forensic accounting and investigative audits in Indonesia, such as the BPK RI and the BPKP. BPK RI is a state-owned institution that is responsible for examining the governance and accountability of state finances managed by the Central Government, Regional Governments, other State Institutions, Bank Indonesia, State-Owned Enterprises (BUMN), Regional-Owned Enterprises (BUMD), Public Service Agencies, and other institutions or bodies that administer state finances. BPKP is a government-owned internal control agency with a vital role in financial and development supervision under the president's responsibility.

The main task of BPKP is to organize or regulate government activities in the supervision of state and regional finances and national development. BPKP has established an official representative in all provinces in Indonesia to carry out their duties and functions correctly. An auditor is someone who has the ability, expertise, and technically trained to become an auditor. Forensic auditors are different from other types of auditors; forensic auditors are trained and already have sufficient provisions to be more sensitive to suspicious things related to fraud. Auditors with forensic expertise are needed to assist organizations in detecting whether certain parties commit fraud.

Auditors who have forensic expertise are expected to be able to reveal fraud within the organization quickly. Forensic accounting combines legal, accounting and auditing techniques with an investigative approach to find fraud within the organization. The application of this forensic accounting expertise and mindset is also needed in efforts to prevent, detect, and respond to fraud. Forensic accounting is able to provide suitable analysis of transaction data of financial statements to be used in legal proceedings, which are usually used for fraud cases. The demand for fraud investigations has also increased with the increase in fraud cases. One of the most powerful ways to detect fraud is to apply forensic accounting because forensic accounting, according to (Oyedokun, 2016), is accounting that analyzes, resolves, discloses and presents fraud problems until it is accepted in the legal process in court (Syaidah et al., 2019). This forensic accounting task concerns violations of the use of funds by government agencies related to development costs and government expenditures financed by the state, including supervision of fraud.

This study aims to reveal the perspective of accountants who work at BPK and BPKP Jakarta regarding detecting fraud while working at these institutions. Accountants who



have worked for more than one year must have detected fraud or been involved by their superiors to do so. The skills needed in solving fraud cases are the knowledge of forensic accounting and the ability to conduct investigative audits to collect relevant evidence. Based on research conducted by (Rahmawati et al., 2021) explain forensic accounting and auditor experience have a significant influence on fraud detection.

An investigative audit is a process of searching, gathering, analyzing, and evaluating the evidence in a structured manner to detect fraud that has occurred. The ability to conduct investigative audits is essential for a forensic accountant, especially in cases of fraud by conducting investigations. The problem of detecting fraud is a problem that is difficult to do because, like other legal problems, evidence is needed, witnesses and victims or injured parties. The ability to detect fraud is not only having adequate forensic accounting knowledge or having the ability to conduct a thorough investigative audit, but there is something more substantial, namely the experience of auditors in detecting fraud. Understanding the habits of fraud perpetrators with various modes is very necessary because detecting fraud is difficult. Therefore, in addition to expertise, experience is also needed who already know the best audit procedures that must be used and are considered the most effective in detecting fraud. Forensic accountants' trust in fraud prevention is already so low; therefore, there needs to be a strong will to restore investor confidence; accounting practices and quality audits are required to present company financial statements.

In this case, accountants must have more abilities in the accounting field supported by extensive knowledge in economics, finance, banking, taxation, business, information technology, and of course, law knowledge. In addition, a reliable and highly independent fraud auditor is needed to deal with public or private sector fraud cases. An auditor can be called an accountant who specializes in auditing; then, a forensic accountant becomes a specialist who is even more specialized in fraud. The background of this study concludes with confidence for the authors based on the hypothesis that has been raised that fraud detection can be influenced by forensic accounting, investigative auditing and the experience of auditors in auditing. The author also wants to test the hypothesis by using the Smart PLS 3.00 application, which is one application that has not been widely used for data processing for research purposes on fraud. Smart PLS 3.00 can test respondents' opinions, views and perceptions on whether or how forensic accounting, audit investigation and auditor experience affect fraud detection efforts.

## **THEORETICAL REVIEW**

***Fraud triangle theory.*** The fraud triangle theory is a concept developed by criminologist Donald Cressey to explain the three key elements that must be present for fraud to occur. The three elements are (1). Opportunity: The perpetrator must be able to commit fraud, such as access to financial records or authority to make financial transactions (2). Rationalization: The perpetrator must be able to justify the fraud to themselves, such as convincing themselves that they are not stealing or deserve the money more than the company. (Singleton et al., 2020). According to the fraud triangle theory, fraud is less likely to occur if any of these elements is missing. Therefore, companies can reduce the risk of fraud by implementing controls that limit opportunity, monitoring employees for signs of rationalization, and addressing the underlying pressures that employees may face.



**Fraud Detection.** The following are the elements of fraud: (1) There is an action from someone who does not obey the law. (2) Launched by someone from internal or external to the organization. (3) Aim to make a profit. d) Giving harm to other people either directly or indirectly. (Bologna and Robert, 2016). In a broad sense, According to (Karyono, 2017), fraud can be divided into several types of fraud, namely: **Corruption.** Corruption is behaviour that causes harm to the public interest or the broader community for the sake of personal interest or a certain group. The definition of corruption can give colour to corruption in positive law. Therefore, the purpose of corruption does not exist the same in every country; in this case, the author will argue the opinion of some scholars about the notion of corruption. Corruption concerns the moral aspect, rotten nature and circumstances, positions in government agencies or apparatus, abuse of power due to gifts, economic and political factors, and placing families and groups within their service under his authority—**Fraudulent Financial Statement.** Fraudulent financial statements are actions taken by officials of a private or government organization to cover up the actual condition of financial statements by using engineered financial statements for profit. **Cheating on Assets (Asset Misappropriation).** Asset fraud is the theft or misuse of assets or assets belonging to organizations or institutions, both private and government. Misappropriation of assets is the illegal taking of assets by a person with the supervisory authority to use the asset. Asset misappropriation can occur in money (cash misappropriation) by skimming or embezzlement of funds. At the same time, misuse of company assets for personal interest is commonly referred to as non-cash misappropriation.

This fraud is a form that is very easy to detect because it can be measured and calculated. Fraud detection is an essential task of investigative auditors. Auditors who can detect fraud are more professional than auditors who cannot. Fraud detection is a way that can be done to get early clues about fraud so that it can narrow the gap for perpetrators to commit fraud (Rahmawati et al., 2021). Fraud detection is an essential part of the task of an investigative auditor. Auditors who can detect fraud are better than ordinary auditors with a low ability to detect fraud.

The auditor must continue to develop his ability to detect fraud. (Rahmawati et al., 2021). The key to fraud detection is to investigate errors and irregularities. Fraud detection efforts, in general, are as follows:

**Internal control test** The implementation of this test is random and unexpected; this is done to find fraud with the type of conspiracy as a result of which the internal control found cannot function effectively.

With this type of audit, a financial or professional audit does not require the auditor to detect or disclose the occurrence of fraud. Still, the auditor needs to organize and conduct an audit so that fraud can be seen.

The use of intelligence data using elicitation techniques on lifestyle and personal habits. Fraud detection is carried out clandestinely by seeking personal information about people suspected of committing fraud.

They are using the exception principle in procedures and controls. The exceptions to this problem are the existence of internal controls that are not implemented, the existence of 2 suspicious transactions, decreased levels of motivation, morale and job satisfaction, and the existence of an appreciation system that can support inappropriate behaviour.

Reviewing deviations from operating performance Through review results obtained from significant variations such as budgets, work plans, and organizational goals and not from normal business activities carried out with reasonable causes.

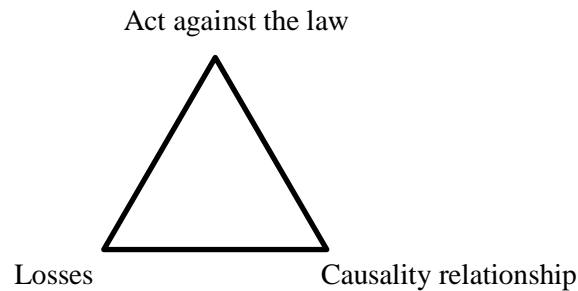
There is a reactive approach, such as employee complaints and complaints, suspicion and intuition from superiors.

**Forensic Accounting.** Accounting is a system used to record, classify, analyze, and report financial transactions of an organization or company. The main objective of accounting is to provide accurate and relevant financial information to users of financial information such as investors, creditors, governments and organizational management. In practice, accounting involves several processes, including Recording financial transactions: Every financial transaction made by the company is recorded in the accounting ledger. Classification of financial transactions: Each financial transaction is then classified into different types of accounts, such as asset, payable, equity, income, and expense accounts. Preparation of financial statements: Based on the recorded and classified information, companies prepare financial statements such as income statements, balance sheets and cash flow. Financial report analysis: The financial statements are then analyzed to evaluate the company's financial performance, spot trends, and identify financial problems.

In a business context, accounting plays an essential role in helping companies to monitor their financial performance, predict future business directions, and ensure compliance with tax rules and regulations. Therefore, accounting is an essential part of the success of an organization. Forensic accounting is the implementation of accounting in a broad sense because accounting is not only about recording transactions and financial reporting but also about auditing issues. Forensic accounting is an accounting method that naturally analyzes, resolves, discloses and presents fraud (Oyedokun, 2016) so that it can be accepted in the legal process in court (Syaidah, 2019). Forensic accounting can also be called investigative accounting, a unique career field because it combines accounting and information technology. Someone who has the ability in forensic accounting can be called a forensic accountant who applies his knowledge in accounting, investigative auditing, law, and criminology to prove fraud, obtain evidence and show evidence in court if requested (Syaidah et al., 2019).

From the above understanding, it can be concluded that forensic accounting is accounting related to auditing, investigation and law used to find and disclose evidence of fraud in court-the relationship between forensic accounting and detection. Fraud is forensic accounting that reveals facts that can be used as evidence to detect various activities of fraud, including corruption, abuse, bribery, and other fraud cases. For more details, **Figure 1** shows the forensic accounting triangle.

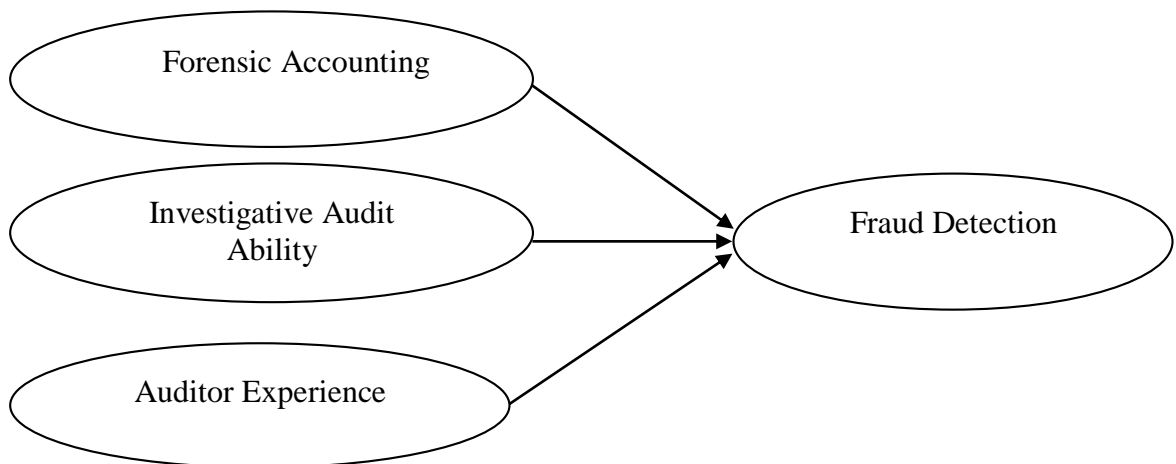




**Figure 1.** Forensic Accounting Triangle

Source: Data summarized by author, 2022

Losses are the cornerstone of the forensic accounting triangle. The second angle is that acts against the law lead to lawsuits due to losses. The third angle shows the relationship between losses and unlawful acts. Unlawful acts and causality are the work area of legal professionals, while the calculation of losses is the work area of forensic accountants.



**Figure 2.** Research Model

Source: Data processed by Smart PLS, 2022

**Figure 2** shows that forensic accounting, investigative audit ability, and auditor experience partially affect fraud detection. This research model aims to test this effect empirically, and based on the description above, the hypotheses that can be raised are:

**H1:** Forensic accounting has a positive impact on fraud detection.

**Investigative Audit Ability.** The simple definition of investigation can be interpreted as an effort to prove. Generally, this evidence ends in court, and the applicable legal provisions (procedures) are taken from the evidentiary law based on the Forensic and Investigative Accounting book (Tuanakotta, 2016).

Meanwhile, (Karyono, 2017) states that an investigative audit is a type of audit. The investigative audit will be directed to prove whether there is fraud and other unlawful acts. In general, it is an investigative process based on law and a sense of justice to seek the

highest truth for a problem that is found. It was continued (Karyono, 2017) that investigative audit ability is essential for an investigative auditor. The skills that an investigative auditor must possess are accounting, auditing, legal and investigative knowledge. The ability to prove the truth of the many facts that have been collected and then reported accurately and completely. An investigative audit or fraud examiner combines accountants, lawyers, criminologists, and investigators. The prerequisites mentioned above must be relevant to the unique expertise possessed by the investigative auditor in the form of a combination of experienced auditors and criminal investigators and in accordance with the work of the investigative auditor to then be followed up in the judicial process. Thus, the relationship between investigative audit ability and fraud detection is that investigative auditing can be used as an effective method for detecting fraud because the description of the audit in the process is adjusted to the case being investigated, and the evidence collected must be valid and valid. enough, which is then used for legal proceedings. Each job has its methodology and procedure, which is also an investigative audit to find answers to fraud without complete evidence; the auditor needs to make assumptions. (Karyono, 2017).

In the initial discussion related to investigative audits by (Bologna et al., 2016), it was added that the implementation of investigative audits is directed at determining the truth of the matter through the testing process of collecting and evaluating evidence relevant to the occurrence of fraud to disclose facts including the existence of fraudulent acts. Identify perpetrators, ways of committing fraud, and losses. (Crumbey, 2019, and Syaidah, 2019). According to (Karyono, 2017) that the fraud methodology provides a limitation that acts of fraud must be handled procedurally within the corridors of law and proven within a certain period. Handling begins with a guess or prediction. The ideal fraud auditor figure has high skills in accounting and extensive knowledge in economics, finance, banking, tax, business, information technology and law as supporting abilities. He must also be a reliable investigator who knows the field of investigation. Auditor capability is closely related to fraud detection in public sector organizations because general and special skills are needed in detecting fraud. In conducting an audit, the auditor must use his expertise to gather relevant evidence, including his considerations. Auditors make judgments by evaluating internal controls, measuring audit risk, designing and applying samples, and assessing and reporting aspects of uncertainty.

The latest regulations related to investigative audits, as stated by the Head of BPKP No. 17 of 2017 that investigative audits are the process of seeking, finding, collecting, analyzing and evaluating evidence systematically by competent and independent parties to reveal facts or actual events regarding indications corruption and other specific purposes by applicable regulations. With the issuance of the latest rules related to investigative auditing, it can strengthen the existence of the investigative auditor profession to become more legal (Hamilah et al., 2019).

**H2:** Investigative Audit Ability has a positive effect on Fraud detection.

**Auditor Experience.** Experience is one of the keys to the success of an auditor in conducting an audit depending on an auditor who has expertise which includes two elements, namely knowledge and experience. In this case, work experience is essential in predicting the auditor's performance on the resulting audit quality. An auditor has the expertise and always provides audit services to the auditee to examine financial reports so

that misstatements do not occur and that the objectives can be achieved to produce quality audit results.

In a broad sense, audit means evaluating an organization, system, process or product. This audit is carried out by a competent, objective and impartial party called the auditor. The audit is a process of identifying problems, analyzing and evaluating evidence that is carried out independently, objectively and professionally based on auditing standards to assess the truth, accuracy, credibility, effectiveness, efficiency and reliability of information on the implementation of duties and functions of government agencies. Auditor experience is one of the supporting factors for detecting fraud. It was revealed that someone with a lot of audit experience in his field certainly has more audit knowledge in his memory and can develop a good understanding of the events that have occurred (Hamilah et al., 2019).

Auditors who have a better understanding can reasonably explain internal financial reporting errors and classify errors based on audit objectives and the basic accounting system structure. (Islam and Stafford, 2022) state that if the auditor has an attitude of independence, the auditor will always think objectively, be honest, and act fairly. From this understanding, the experience can make the auditor better at completing his work. And able to develop his knowledge to deal with problems that are likely to hamper his career. An auditor who is experienced in the investigative field can easily detect and detect fraud compared to an auditor who has just entered or has little experience in handling fraud cases. Auditor experience in detecting fraud is essential. (Hamilah et al., 2019) Stated that experience doing any work can develop a good understanding of the events that have occurred.

According to (Karyono, 2017), auditors who are experienced in the field of investigation can easily detect and detect fraud compared to auditors who are less experienced in handling fraud cases. Professional auditors can detect fraud quickly and effectively and know the potential for fraud early on with the obstacles that will be faced. (Daniel et al., 2020). So it can be explained that the relationship between the auditor's experience and the detection of fraud is that the longer an auditor is to handling or dealing with fraud cases, the more proficient an auditor can be in detecting and disclosing a fraud case readily.

Auditor experience can have a significant impact on fraud detection. (Dasila and Hajering, 2019), Experienced auditors have a better understanding of the financial reporting system and can identify red flags indicating fraudulent activity. They also have the skills to conduct thorough investigations and evaluate evidence. (Syaidah et al., 2019) Conversely, auditors who are less experienced may not have the same level of expertise or lack the confidence to identify potential fraud. As a result, they may need to pay more attention to essential warning signs or conduct proper investigations. In addition, experienced auditors are more likely to recognize patterns of fraudulent behaviour, which can help them identify similar schemes in the future. They may also better understand industry-specific risks and common fraud schemes, which can further enhance their ability to detect fraud. (Suryani and Hevinda, 2018). However, it is essential to note that experience alone is not sufficient to ensure effective fraud detection. Auditors must also have strong ethical values, independence, scepticism, and commitment to professional standards.

Continuing training and education can also help auditors stay up-to-date with the latest fraud detection techniques and trends. Overall, while experience is essential in fraud





detection, it is only one of many contributing to an effective audit. With the explanation above, the hypotheses that can be proposed are:

**H3:** Auditor experience has a positive effect on fraud detection.

## METHODS

This research is quantitative, and quantitative analysis tests hypotheses by researching the relationship between the variables studied. Variables were measured with research instruments, and statistical procedures analyzed research results in numbers. Another characteristic of quantitative research is that this research is conducted to test the hypotheses raised in the development of hypotheses empirically. A hypothesis is an educated guess or proposed explanation for a phenomenon or a set of observations that can be tested through experimentation or further observation. A hypothesis typically takes the form of a statement that can be tested by collecting and analyzing data. Hypotheses are essential in scientific research as they provide a starting point for investigation and help researchers to develop testable predictions that can be used to evaluate the validity of their ideas. The tabulated data based on the calculation of the answers to the **questionnaire is then** processed by the SmartPLS application to produce the output needed for research analysis. A questionnaire is a research tool consisting of a series of questions to gather information from a sample of people. It can be used in various settings, such as academic research, market research, and social surveys. The questions can be open-ended or closed-ended and administered in multiple formats, such as paper-based, online, or in-person interviews. Questionnaire data can be analyzed to identify patterns, trends, and relationships between variables. Based on the results of hypothesis testing were analyzed, and made conclusions and suggestions.

(Sugiyono, 2018) that population is a generalization area including subjects or objects whose values and properties have been decided by the researcher. Auditors who served in the BPK and BPKP total of 218 people were determined by researchers as the population. As continued by (Sugiyono, 2018), part of the population with specific characteristics can be selected and chosen as respondents for this study. Sample selection was carried out using a purposive sampling method with specific criteria: a. Research respondents are forensic or investigative auditors who work at the BPK and BPKP. b. Research respondents have worked for at least 1 year as forensic or investigative auditors.

Data were collected using a questionnaire distributed to respondents who are auditors who work in the offices of BPK and BPKP Jakarta. The measurement scale used in this study is the Likert scale. The Likert scale measures the opinions, perceptions and attitudes of a person or group regarding social phenomena (Sugiyono, 2018).

Each answer in the Likert-scaled questionnaire was scored as follows: (1) Strongly disagree (STS) given a score of 1; (2). Disagree (TS) is given a score of 2. (3). Neutral (N) scored 3. (4). Agree (S) is given a score of 4; (5). Strongly Agree (SS) was assigned a score of 5.

The operationalization of variables for each exogenous and endogenous variable, dimensions and indicators are shown in **Table 1**.



**Table 1.** Operationalization of Variable

Variable	Dimension	Indicator	Symbol
Exogen: Forensic Accounting	1. Truth 2. Evidence 3. Time horizon 4. Reveal 5. Consistent 6. Ability 7. Information	1. Forensic accounting is an action to find the truth of the alleged occurrence of fraud.	FA1.1
		2. Forensic accounting activities include managing and utilizing evidence sources that can support the fraud detection process	FA1.2
		3. The smaller the period for making fraud with response time, the possibility of a fraudulent act is easier to detect	FA1.3
		4. The auditor searches for and collects evidence that can reveal facts that occurred so that through the evidence, they can reach a conclusion	FA1.4
		5. Physical evidence provides a conclusion that consistently or does not change, revealing the same thing.	FA1.5
		6. Information collected based on questions and answers or in-depth interviews with related parties is influenced by the interviewer's ability and the interviewee's honesty.	FA1.6
		7. Information is the breath and blood of forensic accountants	FA1.7
Exogen: Investigation Audit Ability	1. Auditing science 2. SOP 3. Audit techniques 4. Evaluation 5. Information technology 6. Law 7. Hypothesis 8. Data 9. Standard 10. Independent 11. Evaluation	1. Investigative auditors apply auditing science in conducting investigative audits.	IAA2.1.
		2. The investigative auditor performs an understanding of the Standard Operating Procedures (SOP).	IAA2.2.
		3. Investigative auditors pay attention to investigative audit techniques in obtaining evidence.	IAA2.3.
		4. Investigative auditors evaluate evidence.	IAA2.4
		5. The investigative auditor understands information technology issues related to the case.	IAA2.5
		6. The investigative auditor is aware of the law relating to the case being handled.	IAA2.6
		7. After conducting an investigative audit, the auditor obtains a hypothesis at the investigation stage.	IAA2.7
		8. Investigative auditors collect data to prove the hypothesis.	IAA2.8
		9. Investigative auditors carry out investigations according to generally accepted standards.	IAA2.9
		10. During the investigation, the investigative auditor has a mental attitude that is free from outside influence so that he can be impartial in giving opinions.	IAA2.10
		11. Investigative auditors critically evaluate audit evidence.	IAA2.11
Exogen: Auditor Experience	1. Opportunity 2. Accuracy 3. Finished work 4. Threat 5. Experience 6. Solution 7. Decision 8. Entity	1. The many tasks faced provide an opportunity to learn from the failures and successes that have been experienced.	AE3.1
		2. The number of inspection tasks requires accuracy and precision to complete them	AE3.2
		3. The number of tasks received can spur the auditor to complete the work quickly and without the accumulation of tasks	AE3.3
		4. Mistakes in collecting and selecting evidence and information can hinder the settlement process of their job.	AE3.4

	9. Career	5. The longer you work as an auditor, the higher your ability to detect errors made by the audit object.	
		6. The more experience the auditor has, the higher the auditor's ability to overcome any existing problems.	AE3.5
		7. The longer the work, the higher the ability to know relevant information to make decisions.	AE3.6
		8. The longer you are an auditor, the better your understanding of dealing with audit entities to obtain the data and information needed.	AE3.7
		9. Experience in work, in general, can develop a career.	AE3.8 AE3.9
			FD1
		1. The time provided to carry out audit activities allows the auditor to detect fraud.	FD2
	1. Detection	2. Short audit time allocation makes auditors emphasize fraud more than economic aspects, efficiency and effectiveness.	FD3
	2. Fraud	3. A careful analysis of the evidence of accountability plays a role in increasing the detection of indications of fraud	FD4
	3. Indication	4. Indications of fraud findings are more commonly found in strategic project financing	FD5
	4. Finding	5. Auditors easily recognize the symptoms of fraud and understand the characteristics of the occurrence of fraud	FD6
	5. Fraud symptom	6. Changes in accounting records include the amount, classification and presentation can be an indication of fraud	FD7
	6. Accounting record	7. The auditor can suspect the forms of fraud and the fraudsters.	FD8
Endogen: Fraud Detection	7. Form of Fraud	8. There are significant events, transactions or information that are omitted in the financial accountability report, including acts of fraud	FD9
	8. Significantly transaction	9. The auditor must understand the internal control system or operational standards that apply to the agency.	FD10
	9. Internal Control	10. Effective audit methods and procedures are influential factors in detecting fraud.	
	10. Audit Procedure		

Source: (Sihombing, 2019)

## RESULTS

**Outer Model Test.** The outer model test aims to see the validity and reliability of a model. This test is seen from the influence of:

**Loading Factor.** According to (Ghozali, 2018), the loading factor is a term used in various fields, including computer science, engineering, and statistics, to measure how much a system or component is being utilized relative to its capacity. In computer science, the loading factor is typically used to refer to the amount of data stored in a data structure



close to its maximum capacity. For example, in a hash table, the loading factor is the ratio of the number of items stored to the number of buckets in the table. A high loading factor can lead to performance issues such as increased collisions, while a low loading factor can result in wasted memory. In engineering, the loading factor can refer to the amount of stress or load a component is subject to relative to its maximum capacity. For example, in a bridge, the loading factor would be the weight of the traffic passing over the bridge compared to the consequence that the bridge was designed to support. A high loading factor can lead to structural failure, while a low loading factor can result in over-engineering and wasted resources. In statistics, the loading factor is used in factor analysis to describe the variance in a set of observed variables explained by a given factor. A high loading factor indicates that the factor is strongly related to the observed variables. In contrast, a low loading factor demonstrates that the factor is not a reasonable explanation for the observed variables.

**Average Variance Extracted (AVE).** Average variance Extracted (AVE) is a statistical measure used in structural equation modelling (SEM) to assess the amount of variance captured by a latent variable. A latent variable is a construct that cannot be directly observed but is inferred from observed indicators. AVE is calculated by summing the squared factor loadings for each indicator that loads on a latent variable and dividing that sum by the sum of the squared factor loadings for all indicators that load on the same latent variable, including the error variances. (Ghozali, 2018). This produces a value between 0 and 1, where a higher value indicates that the latent variable explains a greater proportion of the variance in the indicators. An AVE value of 0.500 or greater is generally considered acceptable, meaning that the latent variable explains at least 50 per cent of the variance in its indicators. A low AVE value suggests that the indicators may not be sufficiently related to the latent variable, and the construct validity of the latent variable may be questionable. AVE is a helpful tool for assessing the convergent validity of a latent variable in SEM, as it indicates the extent to which the latent variable captures the variance shared by its indicators.

**Determinant Validity.** Determinant validity is a type of construct validity that assesses whether a measure of a particular construct is distinct from other constructs and whether it measures what it is intended to measure. (Ghozali, 2018), It is often assessed through factor analysis, which examines the relationships between multiple measures of different constructs. To establish determinant validity, researchers need to demonstrate that the measurement of the assessed construct is more strongly related to other measures of the same construct than measures of other constructs. This can be done by conducting a confirmatory factor analysis (CFA) or exploratory factor analysis (EFA) to assess the factor structure of the measures. If the measurement of the construct being assessed loads more strongly on its intended factor than on other factors, this is evidence of determinant validity. However, if the measure loads strongly on other factors as well, it suggests that the measure may not be distinct from other constructs and may not be a valid measure of the intended construct. Overall, establishing determinant validity is an essential step in ensuring that measures of constructs are valid and can be used confidently in research and practical settings.

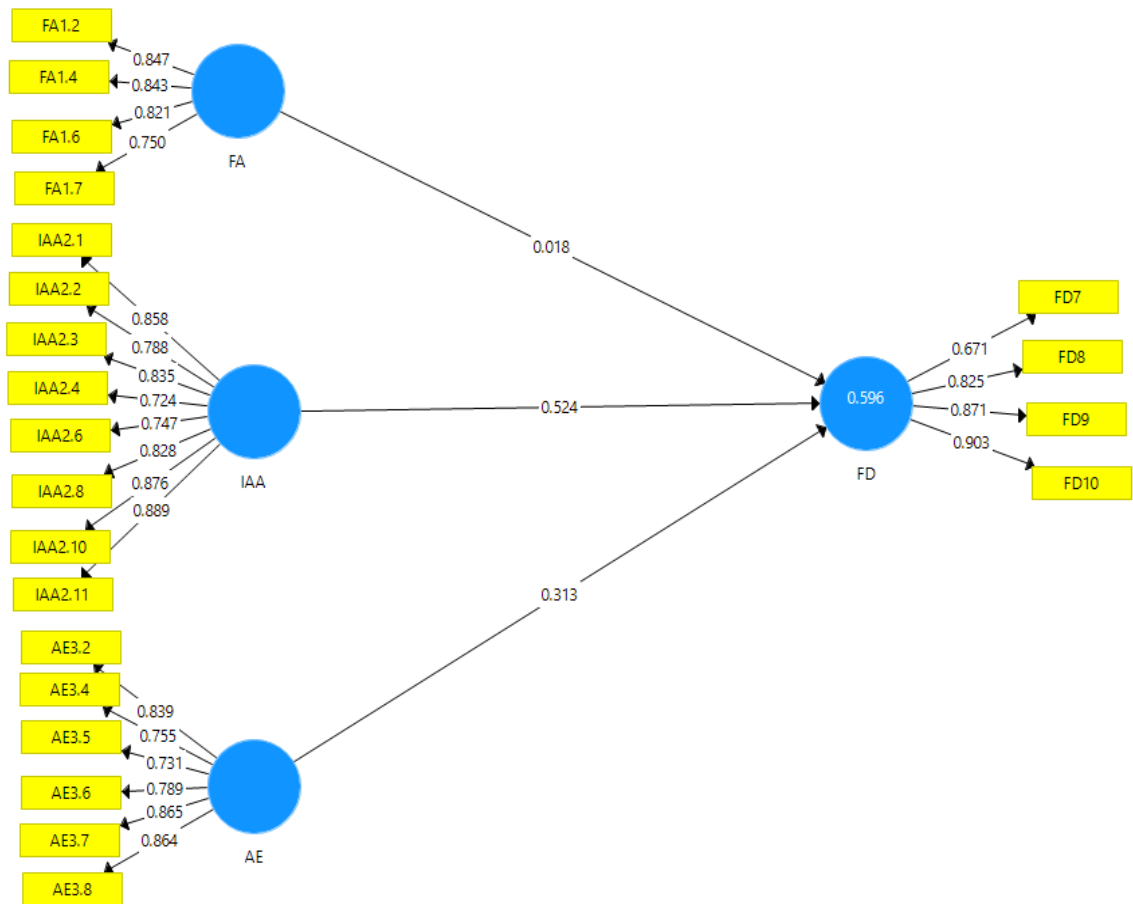
**Composite Reliability.** Composite reliability is a statistical measure used in psychometrics to assess the internal consistency of a measurement instrument or scale. It is a reliability coefficient that estimates the extent to which the items in a scale measure the same underlying construct or trait. Composite reliability is similar to Cronbach's alpha

but has several advantages over alpha. Unlike Cronbach's alpha, composite reliability accounts for the intercorrelations among the items in a scale and is not affected by the number of items in the scale.

Additionally, composite reliability provides a more accurate estimate of the reliability of a scale when the items have unequal variances. Composite reliability ranges from 0 to 1, with higher values indicating greater internal consistency or reliability of the scale. A composite reliability coefficient of 0.700 or higher is generally acceptable for research purposes. Composite reliability can be calculated using structural equation modelling (SEM) software or statistical software packages such as SPSS or R. Researchers need to estimate a confirmatory factor analysis (CFA) model and extract the composite reliability coefficient from the model's output to calculate composite reliability.

**Loading Factor.** Research data is entered into the model construct on Smart PLS to be further run to determine the validity and reliability. This process has been carried out repeatedly until all indicators' loading factor results are already above the validity requirement of 0.700. (Ghozali, 2018) Meanwhile, indicators with a loading factor value below 0.700 must be removed to increase the validity and reliability values. The indicators that were removed from this study because they did not meet the loading factor requirements above 0.7 from the results of running calculate 1 were: FA1.1; FA1.3; FA1.5; IAA2.5; IAA2.7; IAA2.9; AE3.1; AE3.3; AE3.9; FD1; FD2; FD3; FD4 and FD6. The indicators that are removed from the results of running calculator 2 are AE3.9 and FD5, and the indicators that are removed from the results of running calculator 3 are FD7. The final calculation results of Smart PLS that have met the validity and reliability requirements are shown in **Figure 3**.





**Figure 3.** Algorithm Result of Outer Model

Sources: Data processed by Smart PLS, 2022

**Figure 3** shows that all indicators already have a loading factor value above the validity requirement of 0.700, so it meets the first requirement for the validity of the model evaluation.

**Average Variance Extracted (AVE).** **Table 2** shows AVE is the value used for testing convergent validity because the value is obtained from the output of convergent validity.

**Table 2.** Output of AVE

Construct	AVE
Forensic Accounting	0.667
Investigation Audit Ability	0.673
Auditor Experience	0.654
Fraud Detection	0.676

Source: Data processed by Smart PLS, 2022

In this study, the expected AVE value is more than 0.600, so based on the AVE results in the table above, convergent validity has no problem.

**Discriminant Validity.** Table 3 shows Discriminant validity shows that Auditor Experience, Forensic Accounting, Fraud Detection and Investigation Audit are declared valid because the correlation value in one variable is greater than the correlation value between variables. Auditor Experience correlation value of 0.809 is greater than the correlation value between variables (0.642; 0.646; 0.612), and so on in other variables.

**Table 3.** Discriminant Validity

	<b>AE</b>	<b>FA</b>	<b>FD</b>	<b>IAA</b>
Auditor Experience	0.809			
Forensic Accounting	0.642	0.816		
Fraud Detection	0.646	0.599	0.822	
Investigation Audit	0.612	0.724	0.729	0.820

Source: Data processed by Smart PLS, 2022.

**Composite Reliability.** Composite reliability is the last stage of the evaluation of the outer model, which is to test the un-dimensionality of the model. The un-dimensionality test was carried out using composite reliability and Cronbach's Alpha with a cut-off value of 0.700.

**Table 4.** Composite Reliability

<b>Construct</b>	<b>Composite Reliability</b>
Forensic Accounting	0.889
Investigation Audit Ability	0.942
Auditor Experience	0.919
Fraud Detection	0.892

Source: Data processed by Smart PLS, 2022

The results of **Table 4** show that all constructs have a composite reliability value above 0.700 because there is no un-dimensionality problem on the influence of Forensic Accounting, Investigation Audit and Auditor Experience on Fraud Detection.

Meanwhile, the results of Cronbach's Alpha calculations are used for the reliability test. They are declared reliable on each variable if the Cronbach's Alpha value is greater than 0.700, as presented in **Table 5**.

**Table 5.** Cronbach's Alpha

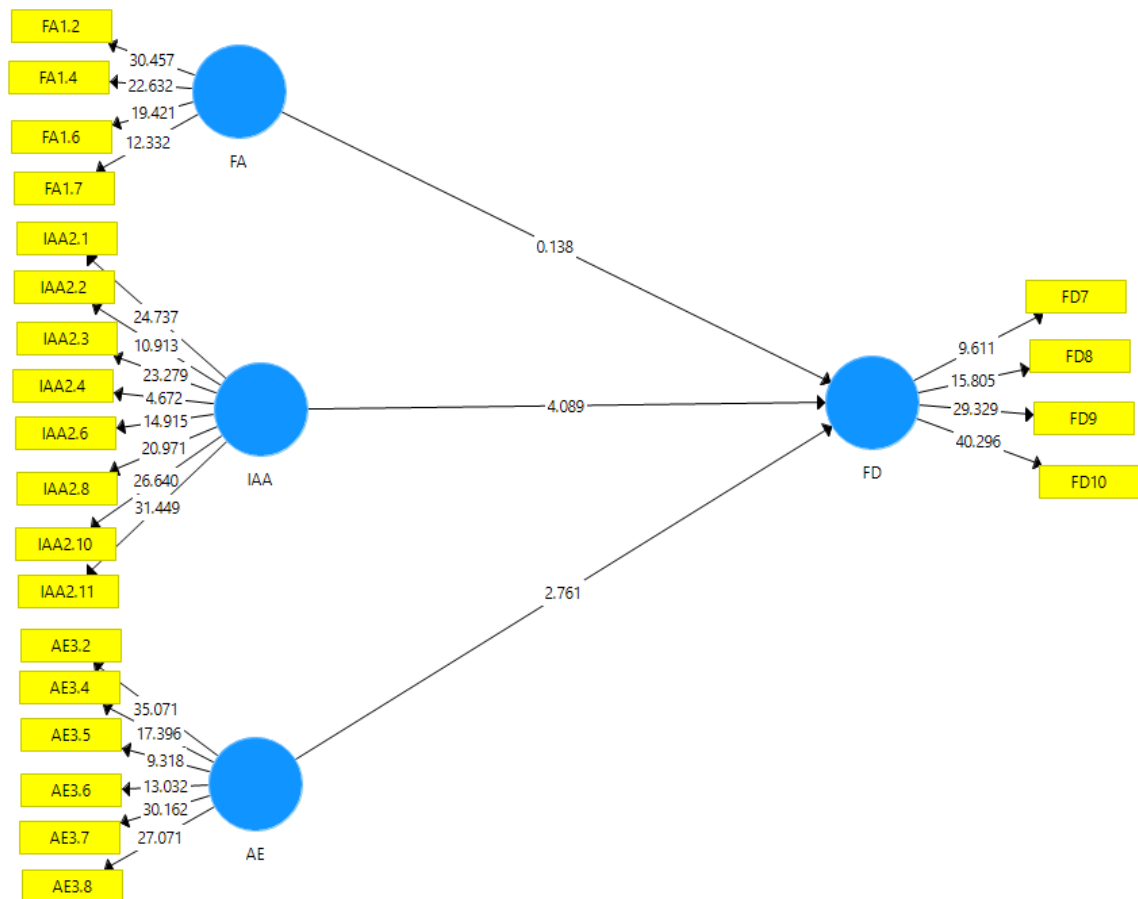
<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>Explanation</b>
Auditor Experience	0.895	Reliable
Forensic Accounting	0.833	Reliable
Fraud Detection	0.842	Reliable
Investigation Audit	0.930	Reliable

Source: Data processed by Smart PLS, 2022.

**Inner Model Test.** The goodness of Fit in PLS is shown in the value of Q2, and the value of Q2 is the same as the coefficient of determination (R Square) in the regression analysis. Based on the results of data processing with Smart PLS in this study, the R Square and R Square Adjusted values for Fraud Detection are 0.632 and 0.620, respectively. Thus, the R Square value for Fraud Detection is influenced by Forensic Accounting and Auditor

Experience together by 0.632 or 63.200 per cent. In comparison, these variables affect 36.800 per cent (100 per cent-63.200 per cent).

**Figure 4** presents the coefficient path from the data processing results with SmartPLS. Based on the figure, it is known that the relationship between exogenous and endogenous variables is all positive.



**Figure 4.** The result of the Path Coefficient

Source: Data processed by Smart PLS, 2022

**Hypothesis test.** Figure 4 shows that The hypothesis is tested based on the path coefficient value so that the significance of the influence between constructs is known by looking at the parameter coefficient values and the t-statistic value (t-count). The test is carried out in 2 (two) directions, with a limiting value to reject or accept the proposed hypothesis, using the value of 5per cent and the T-table of 1.960. If the T-statistic value is more than 1.960, then the proposed hypothesis can be accepted, but if the T-statistic value is less than 1.960, the hypothesis will be rejected. Path calculation result coefficient, as shown in **Figure 2** below:

Below is presented **Table 6**, which can be used as a basis for determining the significance and influence of the independent variable on the dependent variable.



**Table 6.** Path Coefficient

	Original Sample [O]	Sample Mean [M]	Standard Deviation (STDEV)	T Statistic	P Values
AE → FD	0.313	0.320	0.114	2.761	0.006
FA → FD	0.018	-0.001	0.113	0.136	0.890
IAA → FD	0.524	0.538	0.128	4.089	0.000

Source: Data processed by Smart PLS, 2022.

**Table 6** shows The results of testing the hypothesis: (1) The results of hypothesis testing that the effect of Forensic Accounting on fraud detection is not significant because the t statistic (0.138) is less than 1.960 and the p-value (0.890) is more than the alpha (0.050). (2) The results of hypothesis testing that the effect of Investigation Auditor Ability on fraud detection is significant and positive because the t statistic (4.089) is more than 1.96 and the p-value (0.000) is less than alpha (0.050). (3) The results of hypothesis testing that the effect of Auditor Experience on fraud detection is significant and positive because the t statistic (2.761) is more than 1.960 and the p-value (0.006) is less than alpha (0.050).

## DISCUSSION

**Analysis of the Effect of Forensic Accounting on Fraud Detection.** The results of the partial regression test using the t-test showed the significant value of the forensic accounting variable was 0.890, more than 0.050, and the t-count value was 0.138, less than 1.960, so forensic accounting partially had no significant effect on fraud detection. Thus, H1, which states that forensic accounting significantly impacts fraud detection, is rejected. The results of this study are not in line with the research conducted by (Ogundana et al., 2019); (Abdulrahman, 2019); (Basseyy, 2018); (Okoye et al., 2019); (Batubara, 2020); (Rahmawati et al., 2021) supported by (Ihulhaq et al., 2019) which states that forensic accounting has an effect on fraud detection. In terms of logic, forensic accounting should undoubtedly impact fraud detection because all learning materials related to fraud are forensic accounting. What happened to the forensic accountants from the Central BPK and BPKP? The study results show that forensic accountants have not fully used all their knowledge, namely forensic accounting science, to detect fraud. The indicators asked for in the form of actual data evidence as important information to complete forensic accounting have not been fully and satisfactorily answered, so they cannot be used to detect fraud. The results of information from forensic accounting do not affect fraud detection.

Forensic accountants just waiting for evidence or documents find it tricky to find new fraud models and find it challenging to uncover phenomenal fraud crimes. The sensitivity and courage possessed by forensic accountants need to be increased by providing exceptional training, especially related to fraud detection. Considering the forensic accountant's job risk, an excellent legal umbrella is necessary to protect its activities. In attribution theory, the application of forensic accounting science that has been studied and understood by the auditor well can help the auditor detect fraud by knowing the indications that can lead to fraud cases. This explanation is not in accordance with the results of this study because the auditors at the BPK RI and the Central BPKP do not apply the role of forensic accounting well, so it is less influential in increasing the success of detecting fraud (fraud). It can be seen that several respondents gave a score of 2, which



means disagree, and 1, which means strongly disagree with one or more statements in the questionnaire on the forensic accounting variable section.

**Analysis of Effect of Investigation Audit Ability on Fraud Detection.** The results of the partial regression test using the t-test showed the significant value of the investigative audit ability variable was 0.000 less than 0.050, and the t-count value was 4.089 more than 1.96, so it was concluded that the investigative audit ability partially significantly affected fraud detection. Thus, H2, which states that investigative audit ability significantly affects fraud detection, is accepted. The results of this study contradict the research conducted by (Batubara, 2020), which states that investigative audit ability does not significantly affect fraud detection. The results of this study support the attribution theory, namely, the power or expertise that the auditor has possessed can help the auditor make decisions in the fraud detection process appropriately, so that fraud can be revealed and followed up immediately following the applicable legal process.

Investigative auditors from BPKP are undoubtedly different from non-BPKP investigative auditors because, based on answers to indicator questions, BPKP investigative auditors have carried out their work professionally, including they have understood and evaluating information, have mastered information technology, have understood SOPs, laws and regulations so that these abilities can be used to detect fraud.

The results of this study also support the fraud triangle theory because of the auditor's ability to detect fraud by knowing what indications can cause fraud, such as pressure, opportunity and rationalization carried out by the perpetrator. This explanation shows that the BPK RI and the BPKP apply the ability to carry out investigative audits well and can improve their expertise to detect indications of fraud.

**Analysis of the Effect of Auditor Experience on Fraud Detection.** The results of the partial regression test using the t-test showed that the test results show that the significance value of the auditor experience variable is 0.006 less than 0.050, and the t-count value is 2.761 more than 1.96, so it can be concluded that the experience of the auditor partially has a significant effect on fraud detection. Thus, H3, which states that the auditor's expertise significantly impacts fraud detection, is accepted. Research conducted by (Dasila and Hajering, 2019) and supported by (Hamilah et al., 2019) states that the experience of auditors has a significant influence on fraud detection. The results of this study support the attribution theory, namely, that high expertise can help auditors facilitate fraud detection investigations and states that auditors can take excellent and correct action when handling the same case if the auditor has a similar experience. This explanation shows that BPK RI and BPKP can implement and increase expertise in conducting audits so that auditors detecting fraud are getting better. The seniority level of the BPK and BPKP accountants based on auditing experience has been successfully appreciated by the Central BPK and BPKP institutions, so it is evident from the results of the study showing that audit experience affects fraud detection positively and significantly.

## CONCLUSIONS

Forensic accounting partially has no significant effect on fraud detection. It can be seen from the test results on the t-test it is known that the significance value of the forensic accounting variable is 0.890 more than 0.050, and the t-count value is 0.138 less than 1.96. Forensic accounting proved not to affect fraud detection. This means that forensic accountants should not only focus on collecting evidence and evidence for court



proceedings but should be more creative in applying investigative techniques. Forensic accounting knowledge does not make the perpetrators of fraud afraid to commit fraud, especially seeing that handling fraud cases is still going back and forth and seems less daring. Forensic accountants must be aware that fraud can occur because of a conspiracy, so forensic accountants must have a sharp intuition to formulate conspiracy theories. Thus, forensic accounting has not been fully used optimally as an audit procedure in detecting fraud because the findings of this study indicate that the handling of fraud has not been maximized.

The ability of investigative audits partially has a significant effect on fraud detection. It can be seen from the test results on the t-test it is known that the significance value of the investigative audit ability variable is 0.000 less than 0.050, and the t-value count is 4.089 more than 1.960. The investigative audit proved to have a significant positive effect on fraud detection. This means that the investigative auditor's ability has a strong impact on the effectiveness of the implementation of audit procedures in proving fraud, and the hypotheses and hypotheses proposed are acceptable. This shows an auditor who is competent and carries out appropriate audit procedures; the auditor will be effective in detecting fraud.

The auditor's experience partially has a significant effect on fraud detection. It can be seen from the test results on the t-test that the significance value of the auditor's experience variable is 0.006, less than 0.050, and the t-count value is 2.761, more than 1.960. Audit experience has been proven to positively and significantly affect fraud detection. This means that the auditor's experience has a strong influence on fraud detection, and with his expertise, fraud can be indicated earlier and faster. The hypothesis that the auditor's expertise positively and significantly affects fraud detection is acceptable. This shows that a competent auditor who carries out appropriate audit procedures will more effectively detect fraud.

Based on the results of research at BPK and BPKP, it has even been analyzed that forensic accounting has no effect on fraud detection. Accounting and finance. In this case, it is suggested to BPK accountants and BPKP to immediately increase personal sensitivity to find new fraud cases that are developing by increasing special training for fraud. Besides that, what is also important is the courage of the forensic accountant to initiate action by continuing a case that has just been suspected of fraud, which is worthy of an investigative audit.

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