The Influence Of Professional Skepticism, Auditor Independence, Competence, Auditor Experience On The Auditor'S Ability To Detect Fraud At Public Accounting Firms In The City Of Medan.

Anasthasya Putri Br Sitepu[a], Enda Noviyanti Simorangkir[a], Rasinta Ria Ginting[a], Putri Wahyuni[b]
[a]*Universitas Prima Indonesia*
[b]*STIE Eka Prasetya*

Abstract

The purpose of this study was to determine the effect of professional skepticism, auditor independence, auditor competence and experience on the auditor's ability to detect fraud at KAP in Medan city. This type of research is descriptive research. The population in this study only consists of all auditors who worked at the Public Accounting Firm in Medan city. The sample used was 60 auditors. The method used in this research is quantitative research. Data was obtained through the Questionnaire method and data analysis was carried out using the Multiple Linear Regression Analysis method. The results showed that: (1) The variables of professional skepticism and auditor independence have no effect on the auditor's ability to detect fraud. (2) Auditor competence and experience variables have a significant effect on the auditor's ability to detect fraud. (3) Professional skepticism, auditor independence, auditor competence and experience simultaneously affect the auditor's ability to detect fraud.

Keywords: *Professional Skepticism, Auditor Independence, Competence, Auditor Experience, Auditor Ability to Detect Fraud.*

Introduction

Public trust in audit quality is decreasing along with the continuing occurrence of several fraudulent events in the company's financial statements which raises questions among the public about whether the audit firm has conducted a good audit in accordance with the standards. A quality audit can be achieved if the audit firm has effective audit procedures. The importance of a quality audit because it can have an impact on the reputation of the accounting firm, both in the eyes of clients and the public.

The case of Hasnil M. Yasin & Rekan, Head of Public Accounting Firm (KAP), is one of the examples of professional ethics violations related to audit conflicts that occurred in Medan. This case was part of the corruption trial process at the Medan District Court (PN). In 2001 and 2002, Hasnil and Surya Djahisa, the Regional Secretary of Langkat, were both charged with corruption in Langkat District. Hasnil was charged by the public prosecutor for corruption that cost the state around Rp 1 billion. According to Prosecutor Choirun Parapat, Surya Djahisa was contracted by KAP Hasnil M Yamin & Partners to change the PPh Article 21 PPH rate for the 2001 and 2002 fiscal years by Surya Djahisa, who at that time served as Head of Finance at the Langkat Regency Government. Money amounting to Rp 5.9 billion was given to the Langkat Regency Government as compensation. Twenty percent of Rp 5.9 billion or Rp 1.19 billion should have been paid to KAP Hasnil M Yamin & Partners as an honorarium, in accordance

with the agreement. Around Rp 400 million was given to the defendant, while around Rp 793 million was given to Surya Djahisa. The state lost Rp 1.193 billion due to the defendant's activities. BPKP, the North Sumatra Financial and Development Supervisory Agency, arrived at this estimated loss after conducting calculations. The public prosecutor previously charged Hasnil with taking advantage of his position to benefit himself and others, as did Surya Djahisa. As auditors fail to adhere to professional ethics and auditing norms, many parties question their ethical behavior in audit dispute scenarios. visit tribunmedan.com. Here, trust in accountants is at an all-time low. Accountants can learn a lot from this incident; they need to improve their own discipline, organize their actions, and provide services to their customers in a smarter and more organized manner.

Professional skepticism is like the attitude of an auditor who constantly questions and critically assesses the available audit evidence. These conditions indicate that professional skepticism encourages auditors to examine evidence and identify signals of potential audit fraud, and can improve the auditor's ability to detect new signs of fraud.

In order to carry out an audit effectively, an auditor must have a strong sense of independence. Information gathered to identify fraud will be less valuable if the auditor is not neutral. This happens because auditors who favor their clients will not disclose information thoroughly and this attitude cannot be justified.

To achieve good audit quality, auditors must have a competent attitude. Where auditor competence means that auditors are expected to carry out their audits carefully and thoroughly using all their expertise. Auditors must also have advanced skills to be able to detect fraud in financial statements and collect valid evidence.

When it comes to detecting fraud, auditor expertise is critical, but auditor experience is even more important. There is a strong correlation between auditors' level of experience and their capacity to detect fraudulent activity. Gaining audit experience is a great way to hone your skills. Due to the large number and variety of events that have been investigated, auditors with more expertise will also have a better time detecting fraud. Discussions about audits with colleagues, training programs, and standards all contribute to the continuous growth of auditors' experience as they get more and more audit work. (Suryanto et al, 2017).

The hypothesis of this study is as follows:

H1 : Professional Skepticism Affects Fraud Detection at Public Accounting Firms in Medan City.

H2 : Auditor independence affects fraud detection at public accounting firms in Medan City.

H3 : Competence affects Fraud Detection at Public Accounting Firms in Medan City.

H4 : Auditor experience affects fraud detection at public accounting firms in Medan City.

H5 : Professional Skepticism, Auditor Independence, Competence, Auditor Experience Affect the Auditor's Ability to Detect Fraud at Public Accounting Firms in Medan City.

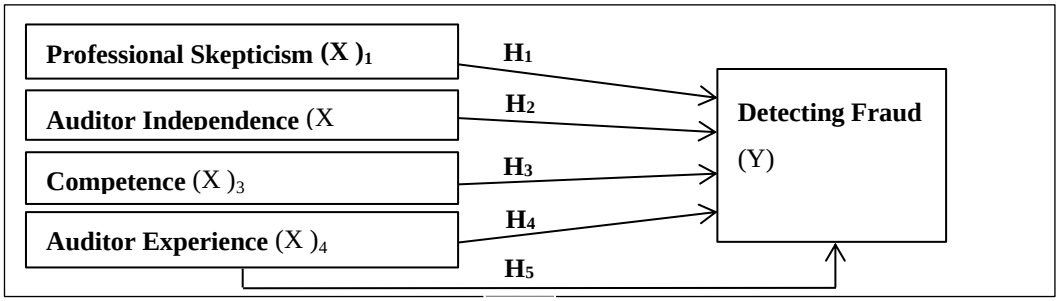

Figure 1.1 Conceptual Framework

Method

To determine the effect of variables on fraud detection, this study uses quantitative research techniques. Agung (2014) defines quantitative descriptive analysis as a data processing approach that relies on methodically compiling numerical and percentage information about research topics to draw general conclusions.

According to Tersiana (2018: 75), population is the entire research subject. To understand the characteristics of the population in question, we can examine each individual in the population. All auditors who work at public accounting firms in Medan are considered part of the research population. The sample of public accounting firms included in this study amounted to twenty-two in Medan City.

All auditors who work in public accounting firms in Medan are considered part of the research population. The sample of public accounting firms included in this study amounted to twenty-two in Medan City.

Table 2.1 Research Sample

No.	Public Accounting Firm (KAP) in Medan City	Business License Number	Number of Auditors
1	KAP Syamsul Bahri, M.M, Ak & Partners	KEP-011/KM.5/2005	16
2	KAP Darwin S. Meliala	KEP-359/KM.17/1999	18
3	KAP M. Lian Dalimunthe and Partners	714/KM.1/2021	12
4	KAP Drs. Katio & Partners	KEP-259/KM.17/1999	14
Total			**60**

Results and Discussion

Results of Data Analysis

1. Validity and Reliability Test

To determine how good a statement item is, the validity test can be considered valid or invalid. The validity test used 30 respondents, a significance threshold of 5%, and an r table value of 0.349. Statistical Product and Service Solutions (SPSS) was used to conduct the validity test. The following criteria were used to analyze the bivariate correlation between each indicator's score and the overall score:

1. If the r value is positive and r count> r table, then the statement item is valid.
2. If the r value is negative and r count < r table, then the statement item is invalid.

Competence, Professional Skepticism, Auditor Independence, and Detecting Fraud were all found to have good validity test findings, because the calculated r value was higher than the r table value.

Finding out how much the social value index is in relation to the Professional Skepticism, Auditor Independence, Competence, and Auditor Experience variables of the instrument is the essence of the reliability test. For this study's reliability test, the Cronbach's Alpha formula was used. When the Cronbach Alpha score is more than 0.70, it indicates that the construct or variable is reliable.

Since the Cronbach Alpha score is more than 0.70, we can trust the reliability test findings for the following variables: Professional Skepticism, Auditor Independence, Competence, Work Experience, and Detecting Fraud.

2. Descriptive Statistics

Data can be summarized using descriptive statistics, which take into account measures such as mean, standard deviation, variance, total, range, kurtosis, and slope of the distribution. The descriptive statistics obtained from the lowest, maximum, mean, and standard deviation responses of the respondents are as follows:

Table 3.1 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Skepticism_Professional	30	20	25	21,57	1,524
Independence_Auditor	30	19	29	23,83	2,890
Competence	30	13	20	16,47	1,889
Experience_Auditor	30	13	20	17,20	2,140
Detect_Cheating	30	15	20	18,13	1,676
Valid N (listwise)	30				

3. Classical Assumption Test Results

Normality Test

The normality test is used to determine whether the residual or confounding variables in the regression model follow a normal distribution. The Kolmogorov-Smirnov test is used to determine whether the data is normally distributed. The simplicity of the test and the fact that it does not bias the results are its two main advantages.

According to the histogram, the actual distribution follows a very flat bell-shaped curve and does not deviate too much to the left or right. As a result, the normal distribution can be applied to the residual data.

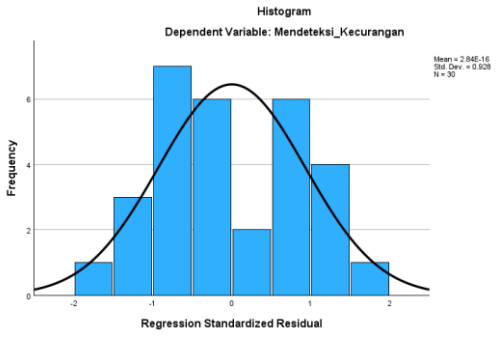

Figure 3.1 Histogram Normality Test

The data points in a normal probability plot are distributed in a scatter plot along the diagonal and in all directions. The residual data follows a normal distribution, as seen above.

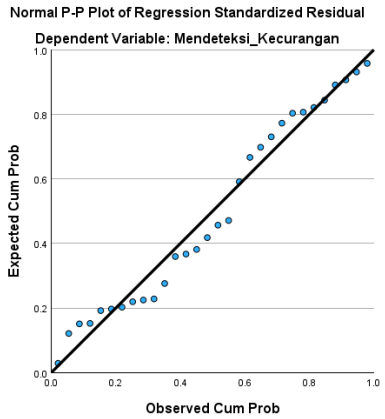

Figure 3.2 Normality Test Normal Probability Plot

You can't tell if the data is really regularly distributed without running it through a statistical normality test. The Kolmogorov Smirnov test for statistical normality is shown here.

The test criteria are as follows:

a. If the significance value is > 0.05, then the data is normally distributed.
b. If the significance value is <0.05, then the data is not normally distributed.

Table 3.2 Kolmogorov-Smirnov Normality Test

One-Sample Kolmogrov-Smirnov Test

			Unstandardized Residual
N			30
Normal Parameters[a,b]	Mean		0.0000000
	Std Deviation		0.89100802
Most Extreme Differences	Absolute		0.122
	Positive		0.122
	Negative		-0.090
Test Statistic			0.122
Asymo. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		0.296
	99% Confidence Interval	Lower Bound	0.284
		Upper Bound	0.308

a. Test distribution is Normal
b. Calculated from data
c. Lilliefors significance corresction
d. This is a lower bound of the true significance
e. Lilliefors. Method based on 10000 Monte Carlo samples with starting seed 2000000

Based on the results of the *Kolmogorov Smirnov* normality test, variables involving all total statement items, the Asymp. Sig. (2-tailed) of 0.200> 0.05, thus through the *Kolmogorov Smirnov* test results it shows that the data is normally distributed.

3.1 Multicollinearity Test

The purpose of the multicollinearity test is to identify regression models with correlated independent variables. To check for multicollinearity, we compare the VIF and tolerance values of the independent variables, using the criteria that the tolerance value should be more than 0.10 and the VIF value should be less than 10.

Table 3.3 Multicollinearity test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Skepticism_Professional	0,648	1,542
	Independence_Auditor	0,453	2,206
	Competence	0,381	2,623
	Experience_Auditor	0,674	1,484

a. Dependent Variable: Detecting_Cheating

Based on the numbers in the Tolerance table (more than 0.10) and VIF table (less than 10), the following variables-Auditor Independence, Professional Skepticism, Competence, and Auditor Experience-are present in the audit. The independent variables are not correlated with each other in the multicollinearity test.

Heterokedasitisity Test

To determine whether two regression observations have unequal variances, statisticians use the heteroscedasticity test. The application of the scatterplot graph approach in this study is based on the following:

1. Heteroscedasticity is indicated by the presence of certain patterns, namely points that form a regular pattern (wavy, widening then narrowing).
2. Heteroscedasticity does not occur if the Y-axis pattern does not have a clear pattern and the points are evenly distributed above and below the zero point.

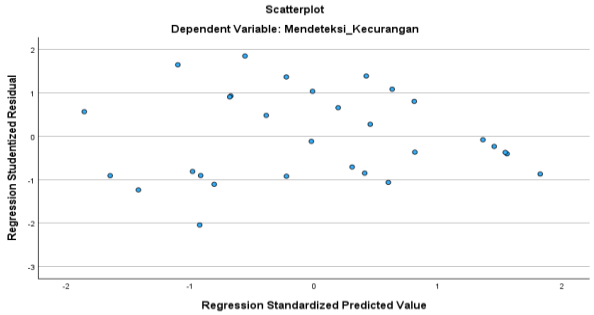

Figure 3.3 Scaterplot Test

The dots on the scatter diagram above are not concentrated in one spot, and the distribution is slightly mixed, both above and below zero (0) on the Y-axis. Based on the scatter diagram graph in the regression model, it can be stated that heteroscedasticity does not exist.

The Glejser test is a tool to determine whether heteroscedasticity exists. Assuming a significance level greater than 0.05 between the independent variable and the residuals, heteroscedasticity does not exist.

Table 3.4 Glejser Heteroskedity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,590	0,923		1,723	0,097
	Skepticism_Professional	0.009	0,032	0,069	0,294	0,771
	Independence_Auditor	-0,004	0,020	-0,054	-0,193	0,849
	Competence	0,027	0,033	0,243	0,799	0,432
	Experience_Auditor	-0,649	0,372	-0,400	-1,746	0,093

a. Dependent Variable: Abs_RES

Based on the Glejser test results shown in the table above, all four independent variables-professional skepticism, auditor independence, competence, and experience-have significance values greater than 0.05. This means there is no heteroscedasticity problem.

4. Data Analysis Results

Multiple Linear Regression Analysis Results

Multiple linear regression analysis is the basis for hypothesis testing in this study. The following is the regression model used:

Table 3.5 Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,525	2,579		0,591	0,560
	Skepticism_Professional	0,167	0,145	0,151	1,147	0,262
	Independence_Auditor	0,148	0,092	0,256	1,621	0,118
	Competence	0,323	0,153	0,364	2,116	0,045
	Experience_Auditor	0,242	0,101	0,308	2,381	0,025

a. Dependent Variable: Detecting_Cheating

Detecting Fraud = 1.525 + 0.167 Professional Skepticism + 0.148 Auditor Independence + 0.323 Competence - 0.242 Auditor Experience + e

The meaning of the multiple linear regression equation above is :

1) Detecting fraud is 1.525 units if Professional Skepticism, Auditor Independence, Competence, and Auditor Experience all have a value of 0 or constant.
2) With a positive value of 0.167 for the regression coefficient of Professional Skepticism, we can say that, all other things being equal, detecting fraud will increase by 0.167 units for every 1 unit increase in Professional Skepticism.

3) Since Auditor Independence has a positive regression coefficient of 0.148, we can conclude that, all other things being equal, a one unit increase in Auditor Independence will lead to a 0.148 unit increase in Fraud Detection.
4) Assuming all other variables remain the same, a one unit increase in Competence will lead to a 0.323 unit increase in Detecting Fraud, according to the positive value of the Competence regression coefficient (0.323).
5) Assuming all other variables remain constant, the positive value of the auditor experience regression coefficient (0.242) indicates that there will be a 0.242 unit increase in detecting fraud for every 1 unit increase in auditor experience.

4. 1 Coefficient of Determination

The Coefficient of Determination aims to measure the extent to which the model can explain variations in the dependent variable.

Table 3.6 Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.847[a]	0,717	0,672	0,960	2,140

a. Predictors: (Constant), Experience_Auditor, Independence_Auditor, Skepticism_Professional, Competence
b. Dependent Variable: Detecting Fraud

The Adjusted R Square value is obtained at 0.672 according to the coefficient of determination test. Based on these results, the factors of professional skepticism (X1), auditor independence (X2), competence (X3), and auditor experience (X4) cover 67.2% of the variance in the fraud detection variable (Y). In the remaining 32.8%, there are additional factors.

4. 2 Partial Hypothesis Test (T)

Using the t-test with a significance threshold of α = 5%, hypotheses are evaluated to determine the partial significance between each independent variable and the dependent variable. With a significance level of 0.05 in a 2-way significance test and a $_{ttable}$ value of 25 (df = n-k = 30-5 = 25), we can find t_{tabel} . Using this standard, we can decide whether to accept or reject the hypothesis:

1. If the significant value > 0.05 or the $_{tcount} < t_{tabel}$, then there is no effect of variable X on variable Y.
2. If the significant value <0.05 or the value of tcount> t_{tabel} , then there is an influence of variable X on variable Y.

Table 3.7 Partial Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,525	2,579		0,591	0,560
	Skepticism_Professional	0,167	0,145	0,151	1,147	0,262
	Independence_Auditor	0,148	0,092	0,256	1,621	0,118
	Competence	0,323	0,153	0,364	2,116	0,045
	Experience_Auditor	0,242	0,101	0,308	2,381	0,025

a. Dependent Variable: Detecting_Cheating

Thus the results of the t test can be explained as follows:

1. The t value of 1.147 for Professional Skepticism is calculated from the partial t test results, which results in a significance value of 0.262. Based on these results, Auditor Independence has no significant effect on the auditor's capacity to detect fraud at KAP in Medan, with a t value of 1.147 < 2.05954 and a significance value of 0.262> 0.05.
2. The t value of Auditor Independence is 1.621 and the significance level is 0.118, based on the results of the partial t test calculation. Based on the t value < t table or 1.621 < 2.05954 and a significance value of 0.118> 0.05, it can be concluded that Auditor Independence has no significant effect on the auditor's capacity to detect fraud at KAP in Medan.
3. Based on the results of the partial t-test calculation, the t-count value of Competence is 2.116 and the significance level is 0.045. In Medan City, auditor competence has a significant effect on the ability of auditors to detect fraud at the Public Accounting Firm (KAP), as indicated by the t-count> t-table value or 2.116> 2.05954 and a significance value of 0.045 <0.05.
4. Based on the results of the partial t-test calculation, the t-count value of the Auditor Experience is 2.381 and the significance value is 0.025. The results showed that there is a strong relationship between auditor experience and the auditor's ability to detect fraud at the Public Accounting Firm (KAP) in Medan City, with a t-count value of 2.381> 2.05954 and a significance value of 0.025 <0.05.

4. 3 Simultaneous Hypothesis Test (F)

To test how the influence between the independent variables together on the dependent variable can use simultaneous hypothesis testing (F test).

Table 3 8 Simultaneous Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58,444	4	14,611	15,866	<,001[b]
	Residuals	23,023	25	0,921		
	Total	81,467	29			

a. Dependent Variable: Detecting_Cheating

b. Predictors: (Constant), Experience_Auditor, Independence_Auditor, Skepticism_Professional, Competence

The table shows the F test result of 15.866 for the Fcount value. The Ftable value at the 0.05 significance level is 3.39 and at degree of freedom 2 (df2) = n-k = 30-5 = 25, where n is the number of variables and k is the number of samples, the SPSS calculation produces an Fcount value greater than 3.39 at the 0.001

significance level, which is 15.866. The auditor's ability to detect fraud at the Public Accounting Firm (KAP) in Medan is significantly influenced by professional skepticism, auditor independence, competence, and auditor experience simultaneously, as indicated by Fhitung> Ftabel = 15.866> 3.39 and a significance probability of 0.001 <0.05.

Discussion of Research Results

1. The Effect of Professional Skepticism on Detecting Fraud

The analysis conducted at the Public Accounting Firm in Medan City found that the level of professional skepticism of auditors did not have a significant impact on their ability to detect fraud. The findings of this study corroborate the findings of Budianto's (2017) research which did not find a statistically significant relationship between professional skepticism and the ability to detect fraud. On the other hand, Purba and Nuryatno's (2019) research found that auditors' capacity to detect fraud increases by practicing professional skepticism.

2. The Effect of Auditor Independence on Detecting Fraud

This study found that the independence of auditors at the Medan Public Accounting Firm (KAP) had no significant effect on the auditor's ability to detect fraud. The findings of this study contradict the research of Hartan and Waluyo (2016) which found that independence has a positive effect on fraud detection. According to Fuad (2015), independent auditors are better able to prioritize honesty, especially in providing conclusions based on objective and unbiased assessment of facts. Thus, auditors with a high level of objectivity will disclose evidence of fraud found during the audit process. That is why auditor impartiality is very important for detecting fraud.

3. Effect of Competence Detecting Fraud

The analysis conducted at the Medan Public Accounting Firm (KAP) shows that auditor competence has a significant effect on the auditor's ability to detect fraud. Both this study and a study entitled "The Effect of Independence, Competence, Professional Skepticism, and Professionalism on the Ability to Detect Fraud in Auditors at the BPK RI Representative Office in North Sumatra Province" (Sartika N. Simanjuntak, 2015) provide consistent results. Based on the research results, the auditor's ability to detect fraud increases along with the amount of training attended. The auditor's ability to identify fraud is positively and significantly influenced by competence according to this study. To be able to determine quickly and accurately whether a corporation has committed fraud or not, auditors need specialized knowledge. Therefore, competent auditors can assist in detecting fraud.

4. The Influence of Auditor Experience on Detecting Fraud

Analysis of data from public accounting firms (KAP) in Medan revealed that auditor experience significantly affects the auditor's capacity to detect fraud. The findings of this study are consistent with previous research by Wulandari (2018: 52) A greater level of work experience is associated with a better capacity for auditors to identify fraud, according to research findings. This shows that experience positively and significantly affects the auditor's ability to detect fraud.

Additional support for this research comes from Sari and Helmayunita (2018: 1182) More experienced auditors are better able to spot signs of fraud, according to the research findings. Therefore, it is reasonable to assume that auditors' capacity to spot fraud increases proportionally with their level of expertise. Accuracy and precision in auditing financial statements can be guaranteed by significant expertise. This is because, as their skills in understanding and solving problems increase, auditors can think and behave with more precision, leading to better detection. Having a deep understanding of human error and fraud, experienced auditors are better equipped to identify cases of fraud.

5. The Effect of Professional Skepticism, Auditor Independence, Competence, and Auditing Experience on Detecting Fraud

The results showed that f count with a value of 15.866> f table with a value of 3.39 with a significance level of 0.001 <0.05. This makes us believe that Ha is true and reject H0. This study found that all four ratios can identify fraudulent activity, so auditors can use them together to find suspicious activity. If you want to maximize how well these four factors identify fraud, you can use them as benchmarks. In Medan City public accounting firms, auditors' skepticism, independence, competence and experience all work against their capacity to spot fraud.

Conclusion

The conclusions of the results of this study are (1) At the Medan Public Accounting Firm (KAP), Professional Skepticism does not help reveal fraudulent activities. (2) The ability of public accounting firms in Medan to identify fraud is not influenced by auditor independence. (3) The ability to identify fraud at the Medan Public Accounting Firm (KAP) is significantly influenced by competence. (4) At the Medan Public Accounting Firm (KAP), auditor experience significantly affects fraud detection. (5) There is a synergistic impact between the following factors at KAP in Medan: Professional Skepticism, Auditor Independence, Competence, and Auditor Experience.

References

Agung, A. A. G. (2014). Textbook of Educational Research Methodology. Aditya Media Publishing.

Budianto Dennis. 2017. The Effect of Skepticism, Personality Type and Competence on the Auditor's Ability to Detect Fraud. Thesis. Faculty of Economics and Business, Soegijapranata Catholic University Semarang.

Fuad, K. (2015). The Effect of Independence, Competence, and Audit Procedures on Responsibility in Fraud Detection. Journal of Accounting Dynamics, 7 (1).

Hartan, T. H., & Waluyo, I. (2016). The Effect of Professional Skepticism, Independence, and Competence on the Auditor's Ability to Detect Fraud. Profita Journal: Accounting Science Studies, 4(3).

Purba, S. F., & Nuryatno, M. (2019). Emotional Intelligence as Moderating the Effect of Professional Skepticism, Independence, Time Pressure, Locus of Control on the Auditor's Ability to Detect. 0832(2), 325-344.

Sari. And Helmayunita. 2018. The influence of workload, experience. And professional skepticism on the Auditor's ability to detect fraud. WRA Journal, Vol.6, No.1, 1173-1192.

Sartika N Simanjuntak (2015). The Effect of Independence, Competence, Professional Skepticism, and Professionalism on the Ability to Detect Fraud in Auditors at BPK RI Representative of North Sumatra Province. Journal. Vol. 2 No.2 October. Faculty of Economics, Riau University. Pekanbaru.

Suryanto, R., Indriyani, Y., & Sofyani, H. (2017). Determinants of Auditor Ability to Detect Fraud. Journal of Accounting and Investment, 18(1), 102-118. https://doi.org/10.18196/jai.18163.

Tersiana, A. (2018). Research Methods. Yogyakarta: STAR.T UP.

Wulandari, S.M.2018. the influence of experience, workload, and time pressure on the auditor's ability to detect fraud. Journal of Accounting Science. Vol 16: 43-55.