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The Effect of Professional Skepticism on Fraud Detection with Auditor Training as a Moderating Variable

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KEYWORDS	ABSTRACT
<p>Keywords: Professional Skepticism; Auditor Training; Fraud Detection.</p> <p>Conflict of Interest Statement: The author(s) declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.</p> <p>Copyright © 2024 AMAR. All rights reserved.</p>	<p>Purpose: This study examines professional skepticism's effect on fraud detection, focusing on auditor training as a moderating variable within the Inspectorate of South Sulawesi Province.</p> <p>Research Design and Methodology: The research adopts a quantitative approach, utilizing primary data collected through questionnaires distributed to auditors at the regional inspectorate office, employing a census sampling technique. The sample consists of 40 auditors. Structural Equation Modeling (SEM) was employed using the Smart PLS application to test the hypotheses.</p> <p>Findings and Discussion: The study reveals that professional skepticism positively and significantly impacts fraud detection. Additionally, auditor training is found to moderate this relationship, strengthening the influence of professional skepticism on an auditor's ability to detect fraud. These findings suggest that targeted auditor training and a higher level of professional skepticism increase the efficacy of fraud detection efforts.</p> <p>Implications: The findings have practical implications for audit practices and management policies, particularly in governmental auditing contexts. Enhancing professional skepticism through training programs can significantly improve auditors' capacity to detect fraud and safeguard public resources. This study underscores the importance of integrating continuous professional development with a skeptical mindset to enhance audit quality and integrity.</p>

Introduction

In financial statement audits, auditors have a great responsibility to detect fraud and ensure the reliability of the financial information presented. As stated in the Public Accountant Professional Standards (SPAP), specifically SA 240 concerning Auditor Responsibilities Regarding Fraud in Financial Statement Audits, and SA 200 concerning the Overall Objectives of Independent Auditors and Audit Performance Based on Auditing Standards, auditors are expected to carry out their duties properly, especially in detecting fraud (Hadija & Kuntadi, 2023). The task of detecting fraud is crucial, considering that the auditor is responsible for providing an opinion on the financial statements' fairness. Suppose the auditor finds that generally accepted accounting principles do not reflect the actual financial statements' true state or detect fraud in the report. In that case, the auditor is obliged to report these findings. However, although standards and regulations have been established, many

cases of accounting errors or fraud occur, which highlights the complexity of the auditor's task in detecting fraud (Budiantoro et al., 2022).

The phenomenon of financial fraud in various government institutions and companies shows that the role of auditors, especially internal auditors such as the Inspectorate, in internal supervision is still not optimal. Corruption cases found by the Supreme Audit Agency (BPK) and the Corruption Eradication Commission (KPK) highlight the inability of internal auditors to prevent and detect fraud, especially corruption. For example, in 2016, BPK found potential corruption in various agencies in Riau Province, including facility maintenance in the Youth and Sports Agency, drainage projects in the Public Works and Housing Agency, and procurement of computer equipment in the Communications and Information Agency (Elfia & NR, 2022). These findings raise questions about the role of internal auditors, particularly inspectorates, in conducting effective internal control.

The relevance of this research lies in the urgent need to improve auditors' ability to detect fraud, given the many cases of undetected fraud that can harm various parties. However, auditors must conduct audits based on Auditing Standards (SA) to obtain reasonable assurance that financial statements are free from material misstatement, whether due to fraud or error; many cases show that fraud often goes undetected (Lambe et al., 2022). Training in fraud detection, for example, is essential to help auditors keep up with technical changes in how fraud is committed and the environment in which fraud is likely to occur. In addition, frequent training allows auditors to develop specific knowledge in auditing, reduce the difficulty in detecting fraud, and increase their responsibility in detecting fraud (Rafnes & Primasari, 2020). Previous research shows auditors' inability to detect fraud is often due to a lack of professional skepticism (Presetyo et al., 2019). On the other hand, experience is also essential in the auditor's ability to detect fraud, as experience allows for deeper understanding and knowledge (Irawan et al., 2018). However, although there is evidence that professional skepticism and experience can improve fraud detection ability, further research is needed to identify specific factors that can strengthen auditors' effectiveness in this task.

The novelty of this study lies in further exploring the interaction between fraud detection training, experience, and professional skepticism in enhancing auditors' ability to detect fraud, emphasizing the use of more sophisticated analytical tools. Previous studies have generally used SPSS for data analysis, but this study utilizes SMART-PLS as the primary analytical tool. SMART-PLS (Partial Least Squares Structural Equation Modeling) offers advantages over SPSS as it can handle more complex models with fewer data distribution assumptions. PLS is also more flexible in handling latent variables with reflective and formative indicators and more effective in overcoming multicollinearity and minor sample problems that are often an obstacle in research using SPSS. This research can identify more precise pathways that conventional analytical approaches like SPSS might miss using SMART-PLS to measure interactions between variables. This approach allows the research to more precisely evaluate the auditor's skills and knowledge required to prevent audit failures and enhance public confidence in the auditing profession, thus offering a more significant contribution to the development of audit theory and practice.

Literature Review

Attribution Theory

Harold Kelley's (1972-1973) Attribution Theory offers a framework for comprehending how people infer the causes of behavior, which is crucial in decision-making. This theory explains how people interpret events in their lives by determining whether these events are the result of internal factors, such as personality traits, character, or attitudes, or external factors, such as circumstances or situational pressures that compel an individual to act in a certain way (Yuanita & Amanah, 2018). Attribution Theory is particularly relevant in auditing as it intersects with professional skepticism, which involves auditors making critical judgments about the behavior of their audit subjects by maintaining a professionally skeptical attitude. Professional skepticism, which includes a questioning mind and a critical assessment of audit evidence, is crucial for auditors to identify and assess risks of material misstatement due to fraud or error (Public Company Accounting Oversight Board, 2022). Applying Attribution Theory in auditing allows auditors to critically evaluate the behavior of management and employees, which is essential for identifying fraudulent activities. Auditors can

better detect potential fraud by understanding the motives behind specific actions (Primasari et al., 2019). This theoretical framework supports auditors in maintaining objectivity and independence, critical components of professional skepticism, which is essential for detecting fraud.

Integrating attribute theory into auditing practices has been extensively explored in recent research, mainly in how it affects auditors' judgment and decision-making processes. Studies have demonstrated that auditors who apply Attribution Theory are better equipped to assess the likelihood of fraud by analyzing whether the causes of suspicious behavior stem from internal or external factors (Wahidahwati & Asyik, 2022). For instance, auditors may consider whether discrepancies in financial reporting are due to deliberate actions by management (internal factors) or external pressures, such as economic downturns or regulatory changes, that may have influenced management's decisions. The relationship between Attribution Theory and professional skepticism significantly impacts audit quality. Professional skepticism involves auditors questioning the adequacy and reliability of audit evidence, which requires a deep understanding of the underlying causes of behavior (Nelson, 2009). Research has shown that when auditors use Attribution Theory to understand the root causes of organizational behaviors, they are more likely to identify indicators of fraud and other irregularities (Christensen et al., 2012). This understanding enables auditors to develop more effective audit strategies and enhances their ability to detect fraud early in the audit process.

Attribution Theory is also instrumental in enhancing auditors' ability to detect fraud by providing a structured approach to understanding behavioral motives. By attributing actions to dispositional (internal) or situational (external) causes, auditors can better interpret the actions of individuals within the organization they are auditing. This approach allows for a more nuanced understanding of why specific fraudulent actions may have been taken, providing a basis for more targeted and effective fraud detection strategies (Soomro et al., 2021). In auditing, internal attributions, such as personal competence, effort, and motivation, significantly influence auditors' ability to detect fraud. Gizta (2020) asserts that internal attributions, such as knowledge, independence, and professional skepticism, primarily influence auditors' abilities to detect fraud. These attributes can be enhanced through continuous professional development, including training in forensic accounting and fraud detection techniques. Auditors' experience and familiarity with industry-specific fraud risks also play a critical role in shaping their professional skepticism and ability to detect fraud (Hanum, 2024). Recent studies further emphasize the importance of professional skepticism, particularly in fraud detection in high-risk audits. For instance, Knechel & Salterio (2016) discovered that auditors who actively engage in professional skepticism and have a solid grasp of Attribution Theory are more successful in identifying financial misstatements suggestive of fraud. The study suggests auditors who critically assess management's behavior, considering internal and external factors, are better positioned to identify red flags and take appropriate actions (Knechel & Salterio, 2016).

The Effect of Professional Skepticism on the Auditor's Ability to Detect Fraud

Professional skepticism is a critical concept in auditing, defined as an auditor's attitude characterized by a questioning mindset, alertness to conditions that may indicate potential fraud or error, and a critical assessment of audit evidence. This skeptical approach is essential for auditors because it enables them to challenge the validity of evidence presented during an audit. Professional skepticism requires auditors to remain impartial and unbiased, continuously questioning the integrity of the financial information being audited. It involves not taking anything at face value and, instead, seeking additional verification and corroboration to ensure the accuracy and reliability of financial statements (Mokoagouw et al., 2018). The ability to detect fraud is another crucial variable in the auditing field. Fraud detection capability refers to an auditor's capacity to identify material misstatements in financial statements resulting from fraudulent activities or unintentional errors. This ability goes beyond technical knowledge; it requires experience, analytical skills, and professional judgment. Detecting fraud is a complex task that demands a deep understanding of accounting principles and potential fraud schemes. Auditors with strong fraud detection abilities are more likely to identify suspicious transactions, investigate further, and uncover fraudulent activities that may otherwise go unnoticed.

The importance of professional skepticism in auditing cannot be overstated. It is vital for maintaining the integrity of the audit process and ensuring that financial statements are free from material misstatements. Auditors who exhibit a high level of professional skepticism are more vigilant in examining evidence and more likely to identify anomalies that could indicate fraud. This vigilance is crucial in detecting fraud, as it prevents auditors from being misled by potentially fraudulent representations or incomplete evidence provided by management. Professional skepticism helps auditors accept the information provided and critically evaluate all aspects of the audit evidence. The ability to detect fraud is fundamental to the role of an auditor. This skill directly impacts the quality and effectiveness of an audit. If auditors can detect fraud effectively, they can protect the interests of stakeholders, including investors, creditors, and regulatory bodies, by ensuring the reliability and accuracy of financial reporting. Fraud detection also reinforces the auditor's role as a guardian of financial transparency and accountability, essential for maintaining trust in the financial markets.

The relationship between professional skepticism and fraud detection capability is closely interlinked. Professional skepticism enhances an auditor's ability to detect fraud by encouraging a thorough and critical approach to examining evidence. Auditors with high levels of skepticism are more likely to probe deeper into potential issues, question the reliability of the evidence presented, and seek further corroboration when needed. This approach makes them more adept at identifying fraudulent activities or discrepancies in financial statements. Research supports the hypothesis that professional skepticism positively influences auditors' ability to detect fraud. A study by (Irawan et al., 2018) demonstrated that auditors who consistently apply professional skepticism are more successful in identifying fraud than those who do not. Their findings indicate that professional skepticism is critical to enhancing auditors' effectiveness in detecting fraudulent activities. The study showed that auditors with a skeptical mindset are more likely to understand fraud detection techniques thoroughly and can identify patterns or anomalies that less skeptical auditors might overlook.

H₁: Professional skepticism positively affects the auditor's ability to detect fraud.

Auditor training strengthens the relationship between professional skepticism and detecting fraud.

Professional skepticism refers to an attitude characterized by a questioning mindset, being alert to conditions that may indicate potential misstatement due to error or fraud, and critically assessing audit evidence. This attitude is crucial for auditors to effectively perform their duties, as it requires them to maintain high vigilance and objectivity throughout the audit process. By fostering professional skepticism, auditors are better positioned to recognize red flags that could signal potential fraud and to thoroughly examine all available evidence before forming any conclusions. Fraud detection capability, conversely, is defined as an auditor's ability to identify material misstatements in financial statements that arise from fraudulent activities or errors. This capability relies not solely on technical knowledge but involves experience, intuition, and professional judgment in detecting signs of potential fraud. Auditors with strong fraud detection skills are better equipped to protect stakeholders' interests by ensuring the reliability and integrity of financial statements. The importance of each variable is evident in the auditing profession. Professional skepticism forms the bedrock of a thorough and effective audit process. It ensures auditors remain objective and impartial, carefully evaluating all evidence to identify potential fraud. By maintaining a skeptical mindset, auditors can detect discrepancies that may not be immediately apparent, thereby providing a higher assurance of financial statement accuracy. Fraud detection capability is essential as it directly affects the quality and effectiveness of an audit. Auditors with strong fraud detection abilities can uncover hidden fraud that might otherwise go unnoticed, thus protecting the financial interests of stakeholders and maintaining trust in the financial reporting process. Furthermore, enhanced fraud detection capabilities bolster the auditor's credibility, vital for sustaining public trust in auditing.

There is a significant relationship between professional skepticism and fraud detection capability. Professional skepticism enhances an auditor's ability to detect fraud by fostering a critical approach to assessing audit evidence and identifying signs of potential fraud. Auditors with high professional skepticism are more likely to question unusual transactions, seek additional evidence, and consider

the broader context of the information they are reviewing, which are crucial for effective fraud detection. Auditor training plays a vital role in strengthening this relationship. Training programs that focus on developing professional skepticism and fraud detection techniques can improve auditors' skills and knowledge, making them more effective in identifying and responding to fraud risks. Experienced auditors, who have encountered various fraud scenarios throughout their careers, tend to be more skeptical of the possibility of fraud in financial statements, drawing on their past experiences to inform their judgment. Previous research supports the hypothesis that training enhances the relationship between professional skepticism and fraud detection capability. Susanto (2020) found that experience strengthens the effect of professional skepticism on auditors' ability to detect fraud. The study suggests that auditors with more experience are better equipped to identify the causes of discrepancies, whether from human or technical errors or intentional misstatements. Experienced auditors are more adept at distinguishing between genuine errors and fraudulent actions, which supports their professional skepticism. However, Dwita (2019) found that experience alone does not significantly impact fraud detection capabilities. This finding indicates that while experience is valuable, it is not the sole determinant of an auditor's ability to detect fraud. Instead, a combination of factors, including training, professional skepticism, and experience, contributes to effective fraud detection.

Further supporting the proposed hypothesis, Agustina et al. (2021) demonstrated a positive relationship between auditor experience and fraud detection. Their study indicated that more experienced auditors better understand fraud detection techniques and can recognize patterns or anomalies that less experienced auditors might overlook. This finding highlights the importance of experience in enhancing auditors' ability to detect fraud, particularly when combined with a strong foundation of professional skepticism. In conclusion, the interplay between professional skepticism, auditor experience, and training is crucial in enhancing fraud detection capabilities. While experience alone may not always be a definitive predictor of fraud detection ability, when coupled with professional skepticism and targeted training, it significantly enhances an auditor's effectiveness in identifying fraud. Thus, the second hypothesis can be formulated as follows:

H₂: Auditor training moderates the relationship between professional skepticism and detecting fraud

Research Design and Methodology

The Study Design

This study employed a quantitative research approach, explicitly utilizing a correlational design. A correlational study, as defined by Arikunto (2014), aims to identify the existence and nature of relationships or influences between two or more variables. In this context, the research seeks to explore the relationship between professional skepticism and the ability of internal auditors to detect fraud within a specific governmental setting. The quantitative approach allows for the systematic measurement and analysis of these variables to determine the extent of their correlation, thereby providing empirical evidence to support or refute the proposed hypotheses.

The Sample Population or Subject of the Research

The research was conducted at a regional Inspectorate office in South Sulawesi Province, focusing on internal auditors employed at this Inspectorate. The internal auditors serve as the primary subjects of the study due to their direct involvement in auditing processes and their responsibility for detecting fraud within governmental operations. The selection of this specific population allows for a targeted investigation into the behaviors and competencies of auditors in a real-world governmental context, providing relevant insights into the dynamics of fraud detection in the public sector.

Data Collection Techniques and Instrument Development

Primary data were collected through field research, specifically using a survey method. The primary instrument for data collection was a structured questionnaire, which was developed to capture relevant information about the auditors' professional skepticism and fraud detection

capabilities. The questionnaire was distributed directly to the internal auditors at the Inspectorate office, ensuring that responses were obtained from individuals directly involved in the auditing processes under investigation. The questionnaire was designed to include a range of items that measured various aspects of professional skepticism and fraud detection ability, focusing on obtaining objective and quantifiable data for analysis.

Data Analysis Techniques

The data collected through the questionnaires were analyzed using statistical methods to test the research hypotheses. Specifically, the study utilized linear regression analysis to examine the relationship between professional skepticism and fraud detection ability among internal auditors. The statistical analysis was conducted using Smart PLS 4.0 software, commonly used for structural equation modeling in social sciences research. This approach enabled the researchers to assess the strength and direction of the relationship between the variables, providing a robust statistical foundation for interpreting the findings and drawing conclusions about the influence of professional skepticism on auditors' fraud detection capabilities.

Findings and Discussion

Findings

Table 1 shows that the gender distribution of respondents working at the Inspectorate Office of South Sulawesi Province is predominantly male, accounting for 72.50% of the total, while female respondents comprise only 27.50%. This indicates that the majority of auditors in this office are male. Regarding job level, the data reveals that auditors holding the position of Junior Auditor total five individuals, representing approximately 12.50% of the respondents. Those at Associate Auditor number 17 constitute about 42.50% of the total respondents. Meanwhile, the senior auditors comprised 18, or around 45% of the respondents. This distribution suggests that most auditors in the office are at the Associate and Senior levels, reflecting a range of experience and responsibilities among the auditing staff.

Regarding age distribution, the table shows that auditors aged between 20-30 years constitute only three individuals or approximately 7.50% of the total respondents. Auditors in the 31-40 age group total 11, accounting for about 27.50% of the respondents. Most auditors fall within the 41-50 age range, with 21 individuals representing 52.50% of the total. Additionally, auditors over 50 total of 5, or about 12.50% of the respondents. This age distribution indicates that most auditors are in the mid-career age group, potentially reflecting higher levels of work experience. Regarding educational attainment, auditors with a bachelor's degree (S1) comprise 17 individuals, or about 42.50% of the total respondents. Those with a master's degree (S2) total 21, making up approximately 52.50% of the respondents. Meanwhile, auditors with a doctorate (S3) number 2 account for 5% of the total respondents. This data suggests that most auditors in the office possess a Master's level education, which may reflect the demand for higher academic qualifications to support the complex auditing tasks at the provincial level.

Tabel 1. Respondent Characteristics

Category	Sub-category	Number of People	Percentage
Gender	Male	29	72.50%
	Female	11	27.50%
Job Level	Junior Auditor	5	12.50%
	Associate Auditor	17	42.50%
	Senior Auditor	18	45.00%
Age	20-30	3	7.50%
	31-40	11	27.50%
	41-50	21	52.50%
	>50	5	12.50%
Education	Bachelor (S1)	17	42.50%
	Master (S2)	21	52.50%
	Doctorate (S3)	2	5.00%

Source: primary data processed (2023)

First Order Confirmatory Factor Analysis

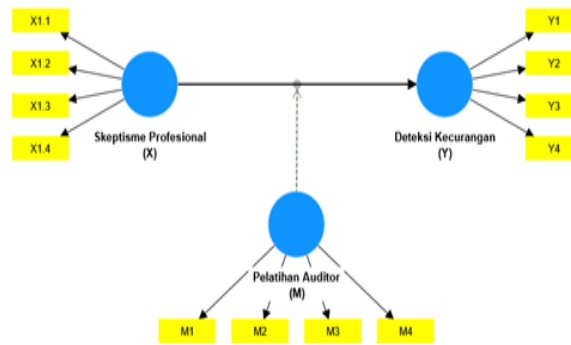


Figure 1. Full SEM Model Test Using smartPLS
Source: PLS output (2023)

Structural Equation Model (SEM) Testing

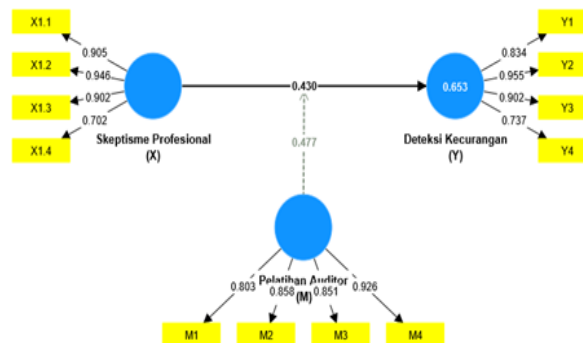


Figure 2. Complete SEM Model Test Using smartPLS
Source: PLS output (2023)

Figure 1 presents the results of the Full Model SEM test using SmartPLS, illustrating that the first-order construct of Professional Skepticism is measured using indicators X1.1 to X1.4. Similarly, the first-order construct of Auditor Training is assessed using indicators M1 to M4, while the first-order construct of Fraud Detection is evaluated with indicators Y1 to Y4.

Figure 2 shows the results of the Full Model SEM test using SmartPLS. The findings indicate no factor loading values below 0.50, suggesting no need to drop any data or remove indicators with loadings below this threshold to achieve a good model fit.

Table 2. Convergent Validity Result

Indicator	Outer Loading	Description
X1.1	0,905	Valid
X1.2	0,946	Valid
X1.3	0,902	Valid
X1.4	0,702	Valid
M1	0,803	Valid
M2	0,858	Valid
M3	0,851	Valid
M4	0,926	Valid
Y1	0,834	Valid
Y2	0,955	Valid
Y3	0,902	Valid
Y4	0,737	Valid

Source: PLS output (2023)

Table 2 shows the estimated results of the outer loading test calculation using PLS for the variable indicators used in this study. The table above shows that all variables used in this study are reflective indicators because they have a loading factor greater than 0.70, which means that all construct

indicators are valid. It is concluded that all indicators are valid for measuring variable constructs in this study.

Table 3. Composite Reliability Result

	<i>Cronbach's alpha</i>	<i>Composite reliability (rho_a)</i>	<i>Composite reliability (rho_c)</i>	<i>Average variance extracted (AVE)</i>
Fraud Detection (Y)	0.881	0.913	0.919	0.741
Auditor Training (M)	0.888	0.930	0.919	0.741
Professional Skepticism (X)	0.889	0.915	0.924	0.755

Source: PLS output (2023)

The test results based on Table 3 show that the composite reliability and Cronbach alpha results show a satisfactory value, namely the value of each variable above the minimum value of 0.70. The AVE value generated by all constructs is greater than 0.50. This shows that the consistency and stability of the instruments used are high. In other words, all constructs, namely the variables of Professional Skepticism, audit experience, Auditor Training, and Fraud Detection, have become fit measuring instruments, and all questions used to measure each construct have good reliability.

Table 4. Discriminant Validity Result

	Fraud Detection (Y)	Auditor Training (M)	Professional Skepticism (X)
Fraud Detection (Y)	0.861		
Auditor Training (M)	0.589	0.861	0.869
Professional Skepticism (X)	0.681	0.615	

Source: PLS output (2023)

Table 4 shows that the Diagonal is the square root value of AVE, and the value below is the correlation between constructs. Since the square root value of AVE is higher than the correlation value, the model is valid because it has met discriminant validity.

Table 5. Structural Model Test results

Variable	R-square	Adjusted R-square
Fraud Detection (Y)	0,653	0,624

Source: PLS output (2023)

Table 5 shows that the R-Square value for the Fraud Detection variable is 0.653, which means that it is included in the high enough category. The R-square value of fraud detection of 0.653 or 65.3% indicates that the fraud detection variable can be explained by the Professional Skepticism variable with Auditor Training as the moderator variable by 65.3%. In comparison, the remaining $(100 - 65.3\%) = 34.7\%$ can be explained by other variables not contained in this study.

Table 6. Hypothesis Test Results

Variable	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Professional Skepticism → Fraud Detection	0.430	0.437	0.169	2,545	0.011
Professional Skepticism → Auditor Training → Fraud Detection	0.477	0.455	0.185	2,572	0.010

Source: PLS output (2023)

The first hypothesis states that Professional Skepticism affects Fraud Detection. Table 18 shows that the Professional Skepticism variable has a significant level of 0.011, less than 0.05, and a t-statistic value of 2.545. The parameter coefficient value of +0.430 indicates a positive effect on the dependent variable. This result means that H1 is accepted, suggesting that Professional Skepticism variable positively and significantly impacts Fraud Detection.

The second hypothesis states that Auditor Training strengthens the influence of Professional Skepticism on Fraud Detection. Table 18 shows that the Professional Skepticism variable has a significance level of 0.010, less than 0.05, and a t-statistic value of 2.572. The parameter coefficient

value is +0.477 and is positive. This finding implies that the Fraud Detection variable will increase by 0.477 if the Professional Skepticism variable, moderated by the Auditor Training variable, increases by one unit while other independent variables remain constant. The positive coefficient indicates a direct relationship between the Professional Skepticism variable (X1) and the Fraud Detection variable (Y), moderated by the Auditor Training variable (M). The higher the value of Professional Skepticism, moderated by Auditor Training, the more significant the increase in Fraud Detection. This result means that H2 is accepted, indicating that Auditor Training enhances the effect of Professional Skepticism on Fraud Detection.

Discussion

Professional Skepticism on Fraud Detection

The hypothesis testing results indicate that Professional Skepticism positively and significantly affects Fraud Detection. This finding suggests that internal auditors with high professional skepticism are more effective in detecting fraud during audits. Conversely, auditors with higher levels of skepticism are more capable of identifying fraudulent activities. This outcome aligns with fundamental audit theory concepts, emphasizing the critical role of a skeptical mindset in effective auditing. As Peuranda et al. (2019) noted, three key elements are essential for preventing and detecting fraud: (1) a culture of honesty and high ethics, (2) management's responsibility to evaluate fraud risks, and (3) oversight by the audit committee. These elements highlight that fraud management requires prevention and early detection, underscoring the importance of internal audit functions. Professional capability, particularly skepticism, is thus vital for auditors to fulfill their role in fraud detection. The findings are consistent with Attribution Theory, which explains that internal and external factors can influence human behavior. As an internal factor, professional skepticism stems from an individual's inherent abilities and willingness to engage in critical evaluation. This supports the idea that internal cognitive processes, rather than just external training or organizational culture, influence skepticism as a personal attribute. Auditors with heightened skepticism are more likely to critically assess evidence and identify discrepancies, improving fraud detection outcomes. This aligns with the study's findings, suggesting that fostering professional skepticism within audit environments could significantly enhance fraud detection capabilities.

The results support the first hypothesis (H1), which proposed that Professional Skepticism positively affects Fraud Detection. The data confirms the hypothesis, showing a statistically significant positive relationship between these variables. A higher level of skepticism correlates with an increased ability to detect fraud, emphasizing the importance of skepticism in improving audit quality and ensuring financial statement integrity. This finding reinforces that professional skepticism is a practical tool, not just a theoretical concept, directly contributing to effective fraud detection. The study's findings also align with previous research, particularly the study by Rahayu (2019), which similarly found that Professional Skepticism positively and significantly affects Fraud Detection. Rahayu's research demonstrated that auditors who maintain higher skepticism are more vigilant and thorough, leading to better fraud detection. The consistency between this study's findings and Rahayu's reinforces the robustness of the relationship between skepticism and fraud detection across various contexts and samples. These findings have several practical implications for auditing practices. First, they suggest that audit organizations, especially those in government settings like the Inspectorate Office of South Sulawesi Province, should prioritize fostering professional skepticism among auditors. This could be achieved through specific training programs focusing on maintaining a questioning mindset and rigorously evaluating audit evidence. Cultivating a culture that promotes skepticism can enhance fraud detection capabilities, thereby better safeguarding public resources.

The findings indicate that internal audit functions should integrate skepticism as a core competency, encouraging auditors to adopt a skeptical approach across all audit areas. A proactive stance in maintaining skepticism will help identify potential issues before they escalate, thus preserving the integrity of financial reporting and maintaining stakeholder trust. Moreover, audit committees and senior management should recognize the critical role of professional skepticism in fraud detection and support initiatives that enhance this attribute among audit staff. While the findings are consistent with previous research, they provide new insights into how professional

skepticism functions within internal government audits. This context-specific focus contributes to a deeper understanding of how skepticism can be effectively developed and applied in various auditing settings, particularly in the public sector. The study highlights the importance of skepticism in auditing and suggests that fostering this attribute could enhance audit effectiveness across different environments. It is essential to consider the study's limitations when interpreting these results. While the findings provide strong evidence of a positive relationship between professional skepticism and fraud detection, they are based on data from a single Inspectorate Office. Future research could expand on these findings by examining a broader range of auditing institutions, both public and private, to verify whether these relationships hold across different organizational cultures and contexts. Additionally, longitudinal studies could offer valuable insights into how skepticism evolves and influences fraud detection.

Auditor Training Moderates the Effect of Professional Skepticism on Fraud Detection

The findings of this study reveal that auditor training moderates the relationship between professional skepticism and fraud detection, enhancing the impact of professional skepticism on the ability to detect fraud. This outcome indicates that when auditors receive more training, their professional skepticism is strengthened, improving their capacity to identify fraudulent activities. The results suggest that auditors at the Inspectorate Office of South Sulawesi Province effectively apply professional skepticism in their audit assignments. This skepticism involves a cautious approach that only readily accepts audit evidence at face value, consistently questioning the reliability of such evidence and the information provided by management throughout the audit process. Auditors critically evaluate all examination evidence and other relevant factors during their assessments, a critical component of effective fraud detection.

Junywanti (2022) argues that if there is a likelihood of fraud during the audit process, auditors with high skepticism are more likely to enhance fraud detection by seeking additional information extensively. This professional skepticism is not only an internal trait developed by the auditors themselves but is also influenced by the training they receive. Given the requirements for auditors to detect fraud as stipulated by various audit standards, continuous skill enhancement through training is essential. Experienced internal auditors tend to be more skeptical about the possibility of fraud in financial statements due to their prior experiences. These findings align with Attribution Theory, which examines how internal and external factors influence human behavior. In this study, professional skepticism is shaped by internal factors, while auditor training serves as an external factor. These factors significantly affect an auditor's success in detecting fraud. The study's results support the hypothesis that auditor training strengthens the effect of professional skepticism on fraud detection. The empirical evidence shows a significant moderating effect of training on the relationship between skepticism and fraud detection. This finding suggests that increased training reinforces an auditor's skepticism, improving fraud detection capabilities. The positive moderation effect underscores the importance of continuous professional development in enhancing auditors' effectiveness in identifying fraudulent activities.

These findings are consistent with existing theoretical frameworks, particularly Attribution Theory. According to this theory, internal factors—such as cognitive abilities and mindset—and external factors—such as training and environmental influences—impact human behavior. In this study, professional skepticism represents an internal factor, while auditor training is an external factor that enhances the auditors' ability to apply skepticism effectively. The interaction between these factors highlights the dynamic nature of auditing behavior and the importance of intrinsic and extrinsic elements in developing practical fraud detection skills. The study's findings align with previous research, notably the study by Sanjaya (2017), which also found that auditor training amplifies the influence of professional skepticism on fraud detection. Sanjaya's research supports that continuous training equips auditors with the necessary skills to apply a skeptical approach more effectively, resulting in better fraud detection outcomes. The fact that the results of this study and Sanjaya (2017) are similar supports the validity of the observed relationships. This suggests that training can increase skepticism in various auditing situations.

These findings have important practical implications for auditing practices and organizational policies. The results suggest that audit institutions, particularly those in the public sector, like the Inspectorate Office of South Sulawesi Province, should prioritize training programs that enhance professional skepticism among auditors. Such programs should focus on developing critical thinking skills and encouraging a questioning mindset to evaluate audit evidence rigorously. By fostering an environment that values skepticism and continuous learning, audit organizations can improve their effectiveness in detecting fraud, safeguarding public resources, and maintaining trust. The study highlights the need for a comprehensive approach to auditor development that integrates both training and the cultivation of professional skepticism. While skepticism is an individual trait, it can be significantly enhanced through targeted training programs that provide auditors with the tools necessary to assess evidence and identify fraudulent activities critically. This suggests that audit committees and senior management should actively support professional development initiatives that foster these competencies, recognizing their essential role in ensuring the integrity and reliability of financial reporting. While the findings are consistent with previous research, they provide new insights into how training can enhance skepticism within internal government audits. This context-specific focus adds depth to understanding the unique challenges in public sector auditing and demonstrates that targeted training can significantly improve fraud detection efforts.

Conclusion

This study examined the influence of Professional Skepticism on Fraud Detection among internal auditors, with a particular focus on how Auditor Training moderates this relationship. The findings demonstrate that Professional Skepticism positively and significantly affects auditors' ability to detect fraud. Additionally, the study found that Auditor Training enhances this effect, suggesting that training initiatives are crucial for developing a more skeptical mindset among auditors, thereby improving their effectiveness in fraud detection.

The value of this research lies in its contribution to academic knowledge and practical auditing practices. This study is original in exploring the combined effects of Professional Skepticism and Auditor Training on fraud detection within a government audit context, specifically at the Inspectorate Office of South Sulawesi Province. The findings highlight the importance of fostering a culture of continuous learning and critical thinking among auditors. Practically, this research suggests that audit organizations should invest in regular training programs to strengthen auditors' professional skepticism, which is essential for enhancing the quality and integrity of audits. Moreover, it has managerial implications, particularly for audit committees and senior management, to support and reinforce developing skills and attitudes critical for effective fraud detection.

However, the study has certain limitations that should be considered. The research was conducted within a single Inspectorate Office, which may limit the generalizability of the findings. Future research could address this limitation by including a broader range of audit institutions across different regions and sectors to examine whether the observed relationships hold in diverse contexts. Additionally, this study relied on Structural Equation Modeling (SEM) using Smart PLS; future studies could benefit from employing other statistical tools to validate the findings further. Expanding the scope of variables and using a more comprehensive sample could provide deeper insights into the dynamics of fraud detection in auditing. Future researchers are encouraged to explore these areas to build on the knowledge provided by this study and to understand better the complexities of professional skepticism and fraud detection in different auditing environments.

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