



The Effect of Investigative Audit and State Financial Loss Calculation Audit on Fraud Disclosure with Professional Skepticism as Moderating Variable

Ardiansyah Amiruddin¹, Syarifuddin², Syamsuddin³

^{1,2,3}Faculty of Economics and Business, Hasanuddin University

ABSTRACT: This study is to provide a review of the effect of Investigative Audit and State Financial Loss Calculation Audit on Fraud Disclosure with Professional Skepticism as Moderating Variable. The object of research is the auditor of the State Audit Board and the Representative Development of South Sulawesi Province. Determination of the sample using the Simple Random Sampling Technique, namely the method of taking samples from all populations is done randomly without regard to the strata that exist in the population. The total population in this study was 62 auditors and all populations were used as samples for data collection using a questionnaire with data analysis using moderated regression analysis (MRA). The results showed: First, investigative audits have an effect on fraud disclosure. Second audits of calculating state financial losses have no effect on fraud disclosures, Third, professional skepticism can moderate the effect of investigative audits on fraud disclosures. Fourth, professional skepticism cannot moderate the effect of the audit of the calculation of state financial losses on the disclosure of fraud.

KEYWORDS: Investigative Audit, State Financial Loss Calculation Audit, Fraud Disclosure, Professional Skepticism.

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I. Introduction:-

Since the first CPI (Corruption Perception Index) was launched in 1995, Indonesia has always been a country that is constantly being researched. Indonesia's CPI in 2020 is at a score of 37 on a scale of 0-100. As for the statement, a score of 0 is very corrupt and a score of 100 is very clean. Indonesia is ranked 102 out of 180 countries surveyed. This score is down 3 points from 2019 which was at a score of 40. The score in 2019 is Indonesia's highest CPI score in the last 25 years (Transparency International Indonesia :2021). The occurrence of corruption is due to fraudulent behavior carried out by individuals or groups for personal gain. Fraudulent practices in general and corruption in particular are still phenomenal issues that are always interesting to discuss. The impact of fraud committed will of course be detrimental to state finances (Dymita Ayu, 2012).

The Financial and Development Supervisory Agency (BPKP) Representative of South Sulawesi stated that the level of calculation of state financial losses from 2010 to 2016 experienced a very significant increase. BPKP has two approaches in determining the amount of calculation of state financial losses, namely by investigative audits and audits of state financial calculations. Investigative audit is the process of searching, finding, collecting, and analyzing and evaluating evidence systematically by competent and independent parties to reveal actual facts or events regarding indications of criminal acts of corruption and/or other specific purposes in accordance with applicable regulations (BPKP 2017, PK No. 17). The investigative audit targets are activities in which there are indications of deviations from the applicable regulations. The scope of the investigative audit is the limitation on locus, tempo, and other matters relevant to the activities that are the target of the investigative audit (BPKP 2017, PK No. 17). The audit of the calculation of state financial losses also contributes in determining state financial losses. The state financial loss calculation audit (PKKN) is an audit with the aim of expressing an opinion regarding the value of state financial losses caused by deviations from the results of the investigation and used to support litigation actions (BPKP 2017, PK No. 17).

Investigative audits and PKKN audits are important for BPKP to reveal state losses caused by individual and group fraud. To conduct an investigative audit and an audit of the calculation of state financial losses, of course an auditor must have an attitude of professional skepticism. Professional standards of public

accountants define professional skepticism as an auditor's attitude that includes a questioning mind and a critical evaluation of audit evidence (IAI 2001, SA section 230.06). A skeptical auditor, will not just accept an explanation from the client, but will ask questions to obtain reasons, evidence and confirmation of the object in question. Without applying professional skepticism, the auditor will only find misstatements caused by errors and it is difficult to find misstatements caused by fraud, because fraud will usually be hidden by the perpetrators.

This research is a development of research conducted by Muhammad Rony et al (2018) which examines the effect of investigative audits and audits of calculating state financial losses on corruption crimes using investigative audits and audits of calculating state financial losses as independent variables and corruption as a variable. dependent. In contrast to this research, this study adds a moderating variable, namely professional skepticism.

Based on the background of the problem, the hypothesis proposed in this study is as follows:

1. Does the implementation of investigative audit affect the disclosure of fraud?
2. Does the implementation of an audit of the calculation of state financial losses affect the disclosure of fraud?
3. Does professional skepticism have an effect in moderating the relationship between investigative audits and fraud disclosure?
4. Does professional skepticism have an effect in moderating the relationship between audits of calculating state financial losses and fraud disclosure?

II. Literature Review:-

Agency Theory

The agency theory perspective is the basis used to understand the issues of corporate governance and earning management. Agency theory results in an asymmetric relationship between owners and managers, to avoid this asymmetrical relationship, a concept is needed, namely the concept of Good Corporate Governance which aims to make the company healthier. The application of corporate governance is based on agency theory, namely agency theory can be explained by the relationship between management and owners, management as an agent is morally responsible for optimizing the profits of the owners (principals) and in return will receive compensation in accordance with the contract.

With this, there are two different interests in the company where each party seeks to achieve the desired prosperity, giving rise to information asymmetry between management and owners that can provide an opportunity for managers to carry out earnings management in order to mislead owners about the company's economic performance. Sefiana, 2009).

Fraud

In everyday terms, fraud is often given different names, such as theft, theft, extortion, extortion, embezzlement, forgery, and others. In accordance with the Statement of Auditing Standards (PSA) No. 70, Fraud is translated as fraud, while errors and irregularities are respectively translated as errors and irregularities according to the previous PSA, namely PSA No. 32. Fraud can be classified into three types according to the Association of Certified Fraud Examinations (ACFE), namely:

1. Financial Statement Fraud

Fraud committed by management is in the form of material misstatements of financial statements that are detrimental to investors and creditors of a financial or non-financial nature.

2. Misappropriation of Assets (Asset Misappropriation)

Misappropriation of assets can be classified into 'cash fraud' and fraud on inventory and other assets, as well as fraudulent disbursement.

3. Corruption (Corruption)

Corruption occurs if it meets three criteria which are conditions that a person can be charged with corruption laws, namely: 1) against the law, 2) enriching oneself or other people or corporations, 3) harming state finances or the state economy.

Investigative Audit

An investigative audit is an examination conducted by an auditor that aims to identify and reveal fraud or crimes committed by individuals or groups. Investigative audits are carried out based on approaches, procedures, and techniques that are generally used in an investigation or investigation of a fraud or crime (BPKP 2017, PK No. 17).

An investigative audit begins with an alleged fraud committed by an individual or group that is indicated to be detrimental to state finances. The investigative audit mechanism is to collect data and information and analyze any indications of fraud. Starting from developing a fraud hypothesis and planning an

audit, then carrying out an audit to collect evidence that supports the hypothesis, and finally preparing an audit report that is accurate, clear, balanced, relevant, and timely (Jordy: 2020).

Professional Skepticism

Skepticism, derived from the word skeptic, in the Big Indonesian Dictionary (Language Center, 2008) and the Oxford dictionary (Hornby, 1980) means an attitude of doubting, suspecting, and not believing the truth of a thing, theory, or statement. In the book of accounting and auditing terms, skepticism means being indecisive about statements that have not strong enough evidence bases (Islahuzzaman, 2012). Meanwhile, according to the Big Indonesian Dictionary (Center for Languages, 2008) professional is something related to the profession, which requires special skills to apply it. The word professional in professional skepticism refers to the fact that auditors have been, and continue to be, educated and trained to apply their expertise in making decisions according to their professional standards (Quadackers, 2009). Professional skepticism itself does not have a definite definition (Hurtt, 2003, and Quadackers, 2009), but from the definition of the words skepticism and professional, it can be concluded that auditor's professional skepticism is the attitude of the auditor who always doubts and questions everything, and critically assesses the evidence. audits and make audit decisions based on their auditing expertise. Skepticism does not mean not believing, but looking for evidence before being able to believe a statement (Center for Audit Quality, 2010).

III. Research Methods:

In testing the hypothesis in the study, the analytical model used is Moderated Regression Analysis (MRA). This test aims to determine the effect of the independent variable (free) on the dependent variable (bound) and its effect after being moderated. The first stage is multiple regression which is carried out without any moderating variables. The second stage is carried out by the interaction between the moderating variable and the independent variable. The equations are as follows.

$$Y : \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e \quad (1)$$

$$Y : \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1.Z + \beta_4 X_2.Z + e \quad (2)$$

Explanation:

Y : Pengungkapan *Fraud*

α : Konstanta

β_1 - β_4 : Koefisien Regresi

X1 : Audit Investigatif

X2 : Audit Perhitungan Kerugian Keuangan Negara

Z : Skeptisme Profesional

X1 . Z : Audit Investigatif dan Skeptisme Profesional

X2 . Z : Audit Perhitungan Kerugian Keuangan Negara dan Skeptisme Profesional

e : Variabel pengganggu (error)

IV. Results:-

Description of Research Results

Multiple Linear Regression Analysis

Table 1 Results of Multiple Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.190	4.131		1.014	0.315
	AI	0.386	0.127	0.397	3.033	0.004
	APKKN	0.076	0.115	0.085	0.657	0.514
	Skeptisme Profesional	0.194	0.117	0.190	1.656	0.103

a. Dependent Variable: Disclosure *Fraud*

Hypothesis testing in this study was carried out partially by using the t test which can be seen as follows.

1. The effect of the investigative audit on fraud shows a significant result and has a positive sign. This is evidenced by the t-count value of the investigative audit variable (X1) of 3.003 which is greater than ttable, which is 1.998 or t-count 3.003 > 1.998 ttable. Meanwhile, the value of this regression coefficient can be stated

to have a significance of 0.004 which is smaller than $= 0.05$ ($0.004 < 0.05$) where 0.05 is the maximum significant level so that these results indicate that the investigative audit (X1) has a positive and significant effect on fraud.

2. The effect of the audit of the calculation of state financial losses on fraud disclosure shows that the results have no effect. This is evidenced by the t-count value of the audit variable for calculating state financial losses (X2) of 0.657 which is smaller than the t-table which is 1.998 or t-count $0.657 < 1.998$ t-table. Meanwhile, for the regression coefficient value of 0.514, which is greater than $= 0.05$ ($0.514 > 0.05$) where 0.05 is the maximum significant level, this result indicates that the audit of the calculation of state financial losses (X2) has no effect on fraud disclosure.

Moderated Regression Analysis

Tabel 4.14 Uji Analisis Regresi Moderasi

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	12.973	2.102		6.172	0.000
	SKEPTISME.AI	0.011	0.004	0.456	2.688	0.009
	SKEPTISME.APKKN	0.001	0.004	0.038	0.222	0.825

a. Dependent Variable: FRAUD

From the results of the moderating regression analysis shown in table 4.15, it can be seen that by using $= 0.10$ it can be concluded that the professional skepticism variable (Z) is only able to moderate the investigative audit variable on the fraud disclosure variable, with a significance value of $0.009 < 0.10$. Meanwhile, professional skepticism is not able to moderate the audit of the calculation of state financial losses on fraud disclosure with a significance value of $0.825 > 0.10$. Based on the results of the regression analysis, the following regression equation can be arranged:

V. Discussion:

H1: Investigative Audit Affects Fraud Disclosure

The results of the regression analysis for the effect of investigative audit on fraud disclosure showed a probability of $0.004 < 0.050$. This value indicates that the relationship between investigative audit and fraud disclosure has an effect. Thus, it can be concluded that the first hypothesis which states that investigative audits have an effect on fraud disclosure.

The results of this study are in line with research conducted by Recky, et al (2016) which suggests that investigative audits are effective in repressive efforts to disclose fraud, as well as being preventive in the context of providing a deterrent effect to fraud perpetrators.

H2: State Financial Loss Calculation Audit Does Not Affect Fraud Disclosure

The results of the regression analysis for the effect of investigative audit on fraud disclosure show a probability of $0.514 > 0.050$. This value indicates that the relationship between the audit of the calculation of state financial losses and the disclosure of fraud has no effect. Thus, it can be concluded that the second hypothesis which states that the audit of the calculation of state financial losses has no effect on the disclosure of fraud.

H3: Strengthening Professional Skepticism in Moderating the Effect of Investigative Audits on Fraud Disclosure.

The results of the regression analysis for the effect of professional skepticism in moderating the relationship between investigative audits on fraud disclosure showed a probability value of $0.009 < 0.050$. This value indicates that professional skepticism has an effect in moderating the relationship between investigative audits and disclosure of fraud. Thus, it can be concluded that the third hypothesis which states that professional skepticism strengthens in moderating investigative audits on fraud disclosures.

H4: Professional Skepticism Weakens in Moderating the Effect of State Financial Loss Calculation Audits on Fraud Disclosure

The results of the regression analysis for the effect of professional skepticism in moderating the relationship between the audit of the calculation of state financial losses and the disclosure of fraud showed a probability value of $0.825 > 0.050$. This value indicates that professional skepticism has no effect in moderating the relationship between audits of calculating state financial losses and disclosure of fraud. Thus, it can be concluded that the fourth hypothesis which states that professional skepticism weakens in moderating the audit

of the calculation of state financial losses on fraud disclosure.

VI. Conclusion:

Based on the results of hypothesis testing and discussion of the effect of investigative audits and audits of calculating state financial losses on fraud disclosure moderated by professional skepticism, the following conclusions can be drawn:

1. Investigative Audit has an effect on fraud disclosure. It can be interpreted that if an auditor conducts an investigative audit properly, it will also disclose fraud well.
2. The audit of the calculation of state financial losses has no effect on the disclosure of fraud. This is due to the auditor's lack of understanding regarding the methods used to audit the calculation of state financial losses.
3. Professional skepticism can moderate the effect of investigative audits on fraud disclosure. It can be interpreted that the high attitude of professional skepticism of an auditor in conducting an investigative audit can increase the disclosure of fraud that has been carried out.
4. Professional skepticism cannot moderate the effect of audits on the calculation of state financial losses on fraud disclosure. It can be interpreted that the lack of understanding of the methods used in the audit of the calculation of state financial losses makes the level of fraud disclosure low, so that the moderating variable weakens the audit of the calculation of state financial losses on fraud disclosure.

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