

The Influence of Audit Quality and Auditor Experience on the Auditor's Fraud Assessment Ability

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Article History:

Upload Feb 29th 2024;
Revision May 24th 2024;
Accepted May 30th 2024;
Available online June 10th 2024

Keywords:

Auditor
Auditor's Fraud Assessment Ability
Audit Quality
Auditor Experience
Public Accounting Firms

Abstract

Several companies use various methods to commit fraud in financial reporting in order to get a good performance assessment. The case of alleged manipulation of financial reports that has occurred is the case of PT Envy Technologies Indonesia Tbk. The issuer is suspected of committing fraud after 2 years of being registered as a public company on the IDX since July 9 2019. This study aims to determine the effect of audit quality and auditor experience in detecting fraud that occurs (fraud). The study employs quantitative methods with the assistance of SPSS IBM 20. The population consists of auditors working at Public Accounting Firms in the Jakarta and Bekasi regions, selected using a purposive sampling method based on specific criteria. Data collected by using questionnaire sharing by google form and immediately sharing. Based on the highest variable indicators, a total of 145 auditors were selected as respondents. The study's findings indicate that the audit quality variable has a significantly positive impact on the ability to detect fraud. This is attributed to the fact that higher auditor competence leads to faster and more accurate fraud detection. Additionally, the auditor's experience variable also positively and significantly influences the ability to detect fraud, suggesting that the longer an auditor's work experience with diverse levels of workload complexity, the better their capability to identify fraud in financial statements.

I. INTRODUCTION

The development of the business world in the 21st century is increasingly complex, every business professional in any industry must be attuned to changes and prioritize customer satisfaction as their primary objective. [1]. The impact of globalization on today's industrial sector has intensified competition among companies, making it more fierce and competitive. Good competition by complying with mutually agreed legal rules is called healthy competition and has a positive impact on the competing parties, that is the motivation for competition to continue to develop for the better. However, if the competition is unhealthy, then the competition will have a bad impact on both sides ([2] One of the impacts of unlawful competition is financial reporting fraud carried out by irresponsible parties to gain instant profits, one of which is by manipulating a company's financial reports. Financial reports are a parameter that can be used as a reference in assessing the performance of a company ([3] Financial reports also have a significant influence on a company. All companies certainly hope that the published financial reports can show the company's good condition so that it can attract investor interest and make a profit. Increased competition between companies can have a negative impact by doing unethical things so that financial reports can look good in the eyes of users. One way is to manipulate the financial reports ([4], [5]). However, with this influence, quite a few companies end up taking action by manipulating the company's financial reports with the aim of gaining various benefits (CNBC Indonesia, 2021).

Several companies use various methods to commit fraud in financial reporting in order to get a good performance assessment. The case of alleged manipulation of financial reports that has occurred is the case of PT Envy Technologies Indonesia Tbk. The issuer is suspected of committing fraud after 2 years of being registered as a public company on the IDX since July 9 2019. The information disclosure letter submitted by the company management on July 21 2021 shows the IDX's request to explain the financial figures in the consolidated financial statements with its subsidiaries, namely PT Retail Global Solusi. PT Envy Technologies Indonesia Tbk's revenue and net profit experienced a significant and unusual increase from the previous year. In connection with the investigation into alleged manipulation of 2019 financial reports, trading in shares of PT Envy Technologies Indonesia Tbk with the ticker code ENVY has been suspended on the capital market for a period of two years since December 1 2020. PT Envy Technologies has the potential to face delisting if the company is proven manipulate financial reports. Not only in America, the phenomenon of cases of financial statement fraud has also occurred several times in Indonesia, one example of a case of financial

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statement fraud that occurred in Indonesia was that carried out by PT. Garuda Indonesia. Where in 2018 PT. Garuda Indonesia manipulated financial reports by recording net profits, one of which was supported by cooperation between Garuda and PT Mahata Aero Teknologi. The value of this collaboration reaches US\$ 239.94 million or around Rp. 3.48 trillion. In terms of financial reporting, these funds are still receivables with a contract valid for the next 15 years, however, in reporting they have been recorded in the financial statements in the first year and are even recognized as income by being included in other income (CNBC, 2019).

As a result of the fraud in the financial reports, PT Garuda Indonesia, which previously made a loss, then made a profit, of course, in terms of performance assessment, this can be said to be successful because it has made a profit. However, if we examine it more deeply, this could actually be detrimental to various parties with inappropriate financial reports. Cases of financial statement fraud do not only occur in state-owned companies, but also occur in private companies, namely PT. Tiga Pilar Sejahtera Food Tbk. This case has only been proven to involve financial report fraud in 2021, in which the company director manipulated the 2017 financial report. The financial report manipulation carried out was in the form of six affiliated distributor companies written off as third parties, and there was an overstatement of receivables. of these six companies with a value of IDR 1.4 trillion. The impact of the manipulation of financial reports carried out by the director of PT. Tiga Pilar Sejahtera Food Tbk. indeed, it causes losses to the company's shareholders and has violated aspects of protection for capital market investors.

Based on several phenomena above, it explains that in avoiding fraud and detecting it from the start, much depends on the company's internal human resources, especially on the role of the auditor. Basically, the main task of auditors is to analyze in assessing whether a company's financial statements are good or bad, to be able to know and understand the patterns and structures of various cases of financial statement fraud that have occurred in previous years. Therefore, their quality and capabilities are very important to prepare an audit that is worthy of consideration in the context of development and to avoid fraud that hinders the company's growth.

In carrying out your duties, as an auditor you need to produce good audit quality, because audit quality is very important for auditors. [6], [7] Audit quality is the probability of an auditor reporting and finding an error in a client's accounting system. Apart from that, an auditor will produce good audit quality, when an auditor in carrying out his duties pays more attention to applicable financial standards, the accountant's code of ethics and existing professional standards ([8] Therefore, an auditor can understand and detect cases of financial statement fraud, if an auditor has good audit quality in accordance with the standards of the Indonesian Accountant Association. So auditors can easily differentiate between healthy and unhealthy financial reports.

The relationship between audit quality and fraud detection has been examined in several previous studies. Wawo's research (2022) shows that audit quality has a positive and significant effect on fraud detection. [9] found that auditor quality has a positive and significant effect on the auditor's responsibility in detecting fraud in financial reports. [10] The higher the audit quality, the more likely an auditor is to detect earnings manipulation by clients. So a quality audit will make it easier for an auditor to find acts of fraud in a company or institution. It can be a provision for auditors to know about various types of financial statement fraud that occur. The fraud in question is a form of cheating that violates the law, which is carried out intentionally by irresponsible parties to generate profits so that it can harm various parties.

Apart from that, the auditor's ability to detect cases of fraud is not only seen based on audit quality, but the auditor's experience in auditing financial reports is also very necessary in assessing and considering existing fraud [11] In essence, auditors who have for a long time and being involved in the process of auditing fraud cases will have a sense of sensitivity towards unhealthy financial reports. An auditor will also know and understand what actions to take, after knowing about the existence of financial report cases more experience in a field has more things stored in memory and can develop a better understanding.

The auditor's experience will be formed when the auditor handles various problems in carrying out his duties, so that this experience will increase his insight and knowledge in resolving cases of fraudulent financial reporting. Furthermore, an auditor who is less experienced will have difficulty making decisions than an auditor who is more experienced in resolving cases. This was stated by Koroy (2008) that auditors' inability to detect fraud in financial reporting is related to expertise formed from experience relevant to the fraud cases they handle. So that auditors who have sufficient experience can produce good audit quality.

[12] Audit experience has a positive influence on increasing the ability to detect fraud. [13] Experienced auditors will have more knowledge about errors and fraud so that with this knowledge the auditor can assess relevant information or evidence to help the auditor complete his tasks.

Resource Based Theory

Kor et al. (2007) stated that Company resources are diverse and varied rather than uniform, and the productive services derived from these resources give each company its distinct character. Resource-based theory explores how companies can attain competitive advantage by developing and analyzing their resources, emphasizing the importance of knowledge and intangible assets. According to this theory, if a company can effectively manage its resources, it can achieve a competitive edge over its competitors. The good resources in the auditing process are having good skills and high competence in the auditing process. For auditors, it is essential to possess competency through formal education in auditing and accounting, sufficient practical experience relevant to their work, and participation in ongoing professional education ([14]). Apart from that, a good auditor will of course follow the applicable audit standard steps,

so that the quality of the audit will be better. [14]. So this resource based theory can be seen how the resources in the auditing process have good criteria.

The Influence of Audit Quality on Auditor Fraud Assessment

A superior company has good quality resources to carry out its corporate duties. In this case, resource based theory suggests that a company can achieve excellence by developing and analyzing the resources it has. One form of human resource analysis in the ability to analyze financial reports is the quality of audit results carried out by an auditor. Based on the understanding of audit quality, it is how well the audit conforms to auditing standards [15], [16], [17] So an auditor who has good audit quality will also have the ability to assess fraud cases well. This is because an auditor who has audit quality understands what audit standards are as they should be, if an audit finds financial reports that do not comply with audit standards then an auditor will feel that there is fraud in the financial report. The results of this research are also supported by findings from [18] which states that audit quality has a positive and significant effect on fraud detection. This means that the higher the audit quality of an auditor, the higher the auditor's ability to detect fraud. [15] Audit quality is an opportunity or possibility for auditors to identify and report significant errors or omissions.

Based on several previous studies, it can be seen that it is possible to detect fraudulent acts early through providing a quality audit. When an auditor has the ability and capability to provide factual reporting through audit quality that meets audit standards and quality control standards, he will be able to maximize findings of misstatements and be able to report all his findings to interested parties. On the other hand, the auditor's failure to detect acts of fraud is a reflection that the audit report provided has not been able to explain the actual situation so that this is not based on policy makers and in the end acts of fraud such as corruption are more likely to occur. Based on this explanation, the first hypothesis built by the researcher is :

H1: Audit quality has an influence on the ability to assess fraud

The Influence of Auditor Experience on Auditor Fraud Assessment

Companies that have a competitive advantage compared to other companies are influenced by how the company analyzes and develops the human resources within the company. Good and professional resources certainly have good experience in dealing with problems that occur in the company. Based on the understanding, auditor experience is a person's experience gained when conducting an audit of financial reports, either based on the length of time, or the number of assignments that have been carried out by a particular auditor [19] An auditor who has high work experience will have an advantage in detecting errors, understanding errors and finding the causes of errors [20], [21], [22], [23]

Several previous studies have proven that there is a strong correlation between the auditor's experience and his ability to detect fraud. [9] An auditor's experience has a significant positive effect on the auditor's responsibility in detecting fraud in financial reports. [24] The more experienced the auditors, the more experienced they are, which is demonstrated by the long periods of work and involvement in fraud cases and complex audit reporting, making them more thorough and careful in detecting fraud that occurs. Based on this, it can be seen that the higher the level of auditor experience an auditor has, the auditor's ability and expertise in detecting fraud will make it easier for the auditor to carry out his responsibility for detecting fraud in the client's financial statements. This is because the auditor's experience is related to the experience experienced by an auditor, so that the auditor has carried out various audits of the financial reports that he has worked on. From the various financial reports that auditors audit, of course an auditor can know and feel various differences in each financial report based on long experience, an auditor can detect whether financial reports are good or not.

H2: Auditor experience has a positive effect on the ability to assess fraud cases.

II. METHODS

The research will utilize a quantitative approach, because the data obtained is numerical. [25], [26] Quantitative data refers to numerical data or data that has been assigned scores. Population in this research was auditor who works in Jakarta and Bekasi area. Total population on this research is 988 which is 808 auditor in Jakarta and 180 auditor in Bekasi. Number of respondent in this research will be counted by slovin method. Counting method will be explain on this following part:

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{988}{1 + 988(0,1)^2}$$
$$n = 98 \text{ sample}$$

The respondents are an auditor who work in Bekasi and Jakarta with purposive sampling technique which is the right technique so that researchers can determine certain criteria that must be met by the samples in this research. Determining the sample size is an auditor, with the following criteria:

- 1) Work as an auditor
- 2) Worked as an Auditor at a Public Accounting Firm in the Jakarta and Bekasi region.

3) Have experience auditing financial reports for at least 1 year. [22], [23] Someone who has experience as an auditor for at least 1 year is considered to have sufficient experience.

This research conducted multiple tests, beginning with data quality tests, which included validity and reliability tests. Following this, the classical assumption tests were performed, consisting of normality, heteroscedasticity, and multicollinearity tests. Subsequently, multiple linear regression analysis was carried out, concluding with hypothesis tests such as the coefficient of determination test, F test, and t test. This following table will explain about operational research variable. There is 1 dependent variable which is ability to assess fraud and there are 2 independent variables which is audit quality and auditor's experience.

Table 1. Operational Research Variable

No	Variable	Indicator	Statements	Scale
1	Audit Quality (X1)	Misstatement Detection	1) I conducted the audit professionally and carefully.	Likert
		SPAP Conformity	1) I have ensured that the audit report that I analyzed did not contain data misrepresentations. 2) When preparing the audit report I was guided by SPAP and understood its standardization. 3) I have ensured that the audit report that I analyzed is in accordance with SPAP.	Likert
		SOP Compliance	1) I understand the Operational Standards in preparing audit reports. 2) I prepare audit reports in accordance with existing SOPs.	Likert
2	Auditor's Experience (X2)	Length of Work	1) I have worked at a Public Accounting Firm for more than 3 years. 2) I have been involved in many tasks of analyzing and compiling audit reports during my work.	Likert
		Level of Knowledge and Skills	1) During my work, I have become more aware of good audit quality. 2) During my work I prepare audit reports with good quality and according to standards.	Likert
		Mastery of Audit Support Tools 1)	1) I always learn the latest methods and tools regarding higher quality audit reports. 2) I use other tools/applications that help me prepare quality audit reports.	Likert
3	Ability to Assess Fraud (Y)	Ability to Assess Fraud	1) I know the characteristics of audit reports that contain misstatements. 2) I usually assess the audit report to ensure there is no fraud. 3) I can easily find out if errors and fraud occur.	Likert
		Ability to Reveal Fraud	1) I strongly prohibit and oppose fraud in audit reports. 2) I carry out analysis and verification if fraud occurs. 3) I will take firm action against those who commit fraud.	Likert

III. RESULTS

Total respondents on this research are 145 auditors. Which is this total is different from slovin's result. This total is because authors want to collect more perspective from others auditors but, this thing didn't change any method that has been chosen before. Auditor in this research are work in Bekasi and Jakarta. Data collection by spreading questionnaires to all respondents. Sharing method was used immediately sharing to auditor's office and by google form sharing method. This following part will explain relating to data result.

Quality Data Analysis

This part will be done by two tests. Two tests are validity test and reliability test. Validity test is to make sure indicator using in this research is valid or not by comparing r-table and r-counting. Meanwhile, reliability test is to make sure indicators using in this research are reliable or not. This test will be done by counting Cronbach alpa of each variable is bigger than 0,60.

Table 2. Validity Test

No	Variable	Item	r-count	r-table	Explanation
1	Audit Quality (X1)	X1.1	2.246	1.976	Valid
		X1.2	2.368	1.976	Valid
		X1.3	2.268	1.976	Valid
		X1.4	2.366	1.976	Valid
		X1.5	2.429	1.976	Valid
		X1.6	2.312	1.976	Valid
2	Auditor's Experience (X2)	X2.1	2.562	1.976	Valid
		X2.2	2.572	1.976	Valid
		X2.3	2.476	1.976	Valid
		X2.4	2.512	1.976	Valid
		X2.5	2.452	1.976	Valid
		X2.6	2.424	1.976	Valid
3	Ability to Assess Fraud (Y)	Y1	2.409	1.976	Valid
		Y2	2.396	1.976	Valid
		Y3	2.583	1.976	Valid
		Y4	2.523	1.976	Valid
		Y5	2.455	1.976	Valid
		Y6	2.302	1.976	Valid

Source: Processing Data, 2023

According to the validity test table, the minimum r-count for all statement indicators is 2.246 (X1.1), and the highest is 2.583 (Y1.3). This indicates that all r-count values exceed the r-table value of 1.976. Since $r\text{-count} > r\text{-table}$ for all data points, the data is considered valid and suitable for further testing. The following table will present the results of the reliability test.

Table 2. Reliability Test

No	Variable	Cronbach Alpha	
1	Audit Quality (X1)	0.695	Reliable
2	Auditor's Experience (X2)	0.640	
3	Ability to Assess Fraud (X3)	0.664	

Source: Processing Data, 2023

Table 2 shows that all variables are considered reliable because they exceed the confidence limit, namely Cronbach's alpha value for each variable > 0.60 , so that each item can be used as a measuring tool for each variable in the future.

Descriptive Analysis

Descriptive analysis was carried out to find out the general picture of the data obtained by filling in the observation sheet. The descriptive analysis of variables in this research is as follows:

Table 3. Descriptive Analysis

		Audit Quality (X1)	Auditor's Experience (X2)	Ability to Assess Fraud (Y)
N	Valid	145	145	145
	Missing	0	0	0
Mean		26.14	25.77	26.46
Median		25.00	24.00	25.00
Minimum		20	16	18
Maximum		30	30	30
Std. Deviation		2.123	2.592	2.131

The average value of X1 is 26.14, then X2 is 25.77 and variable Y is 26.46. Meanwhile, the middle value (median) obtained was 25.00 for the Audit Quality variable (X1), 24.00 for the Auditor Experience variable (X2) and the Fraud Detection Ability variable (Y) was 25.00. The minimum value for each variable is 20 for variable X1, 16 for variable X2 and a value of 18 for variable Y. Finally, the maximum value for the three variables together totals 30.

Classic Assumption Test

Normality Test

Normality test is a test used to verify the normality of data. A good regression model is a regression model that has a normal distribution. To test the normal distribution, it can be done in two ways, namely using the Kolmogorov-Smirnov test, taking into account that the significance value must be $> 0.05\%$ (Ghozali, 2012). Kolmogorov-Smirnov testing can be seen as follows:

**Table 4. Normality Test
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		145
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.6600171
Most Extreme Differences	Absolute	.052
	Positive	.052
	Negative	-.051
Test Statistic		.168
Asymp. Sig. (2-tailed)		.200

From the results above it can be concluded that the Kolmogorov-Smirnov value is 0.200 and greater than 0.05 means it is significant at a significant value of 0.000 which indicates that the data is normally distributed.

Multiple Linear Regression Test

Multiple regression analysis is employed to ascertain the magnitude of the relationship between the independent and dependent variables. The outcomes of the multivariate analysis are presented as follows:

**Table 5. Multiple Linear Regression Test
Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.356	1.878		4.983	.001
	Audit Quality (X1)	.285	.072	3.972	3.288	.001
	Audit Experience (X2)	.374	.059	.610	6.360	.001

a. Dependent Variable: Ability to Assess Fraud (Y)

The multiple linear regression equation can be formulated as follows:

$$9,356 = 0,258X1 + 0,374X2 + e$$

- 1) The constant value (a) indicated above is 9.356, signifying that when all X variables are set to 0, the corresponding Y value stands at 9.356.
- 2) The regression coefficient (b1) is 0.285, suggesting that for every unit increase in the Audit Quality variable (X1), there is a corresponding increase of 0.285 in the Ability to Detect Fraud.
- 3) With a regression coefficient (b2) of 0.374, it implies that for every unit rise in the Audit Experience variable (X2), there is a consequent increase of 0.374 in the Ability to Detect Fraud.

Hypothesis testing

The analysis technique used to test H1 and H2 uses multiple regression analysis to see the influence exerted by the independent variables (Audit Quality (X1) and Auditor Experience (X2) on the Ability to Detect Fraud (Y).

Coefficient of Determination Test (R²)

The R-squared test evaluates how effectively the model accounts for the collective impact of independent variables on the dependent variable, as indicated by the adjusted R-squared value (Ghozali, 2012). The results of the coefficient of determination test in this research can be seen as follows:

**Table 6. Coefficient of Determination Test
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.827 ^a	.693	.685	1.672

The R-square value is used in this research, because the R-square value can be higher or lower in the presence of other independent variables (Ghozali, 2012). Most of the regression models in this study have an R-squared value of 0.693. This means that flexibility or dependability (the ability to detect fraud) can be explained by independent variables such as Audit Quality and Auditor Experience at 69% and the remaining 31% is due to other variables not mentioned in this research.

T test

The partial test, known as the t-test, is utilized to quantify the individual impact of an independent variable in explaining the dependent variable (Ghozali, 2012). The outcomes derived from the researchers' analysis are outlined below:

Table 7. t test Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.356	1.878		4.983	.001
	Audit Quality (X1)	.285	.072	3.972	3.288	.001
	Audit Experience (X2)	.374	.059	.610	6.360	.001

1) Audit Quality Influences the Ability to Detect Fraud (H1)

The significance value of the audit quality variable (X1) on the ability to detect fraud (Y) is $0.001 < 0.05$ and $T_{count} 3.288 > 1.976 T_{table}$, so H_a is accepted (H_o is rejected), meaning that the audit quality variable (X1) has a positive and significant effect on the ability to detect fraud (Y). This means that if an increase in audit quality means one unit, it will increase their ability to detect fraud by 0.285. This means that the higher the quality of audit capabilities such as compliance with SOPs, their ability to use audit tools and their level of knowledge regarding quality audits, the higher their ability will be. also in encouraging accurate fraud detection.

2) Auditor experience influences the ability to detect fraud (H2)

The significance value of the Auditor Experience variable (X2) on the Ability to Detect Fraud variable (Y) is $0.001 < 0.05$ and $T_{count} 6.360 > 1.976 T_{table}$, so H_a is accepted (H_o is rejected), meaning that the Auditor Experience variable (X2) has a positive and significant effect on the Ability to Detect Fraud (Y). This means that if the auditor's experience increases one unit, the auditor's ability to detect fraud will increase by 0.374. So it can be said that the more experience an auditor has in handling financial reports and the longer his work experience, the greater his chances of detecting fraud more accurately and quickly.

F test

To find out the independent variables, namely the variables Audit Quality (X1) and Auditor Experience (X2), simultaneously have a significant influence on the dependent variable, namely the Ability to Detect Fraud (Y). From data processing using SPSS the following results were obtained:

Table 8. F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	257.144	2	128.572	46.009	.001 ^b
	Residual	396.815	142	2.794		
	Total	653.959	145			

Based on table 6, it can be seen that the significant value is $0.01 < 0.05$, and for the F_{count} value of $46,009 > F_{table} 3.06$ (N_2 with 145 respondents) it can be concluded that the independent variables Audit Quality and Auditor Experience simultaneously influence the ability to assess fraud.

IV. DISCUSSION

The Influence of Audit Quality on Fraud Assessment Ability

The outcomes of data examination indicate a noteworthy and positive correlation between audit quality and the capacity to identify and evaluate fraud among auditors in public accounting firms within the Jakarta and Bekasi regions. Consequently, heightened audit quality and the efficacy of audit outcomes correspond to an enhanced capability to uncover fraud in financial reports.

To uphold commendable audit quality within an organization, proactive involvement in internal auditing is imperative. Fraud detection serves as a cost-effective measure for fraud prevention. Addressing fraud post-occurrence entails bearing the losses incurred by the perpetrator and necessitates greater expenses compared to preventive measures, as not all losses are borne solely by the fraudster. Enhancing fraud detection efforts through augmenting the quality of audit procedures serves as a corrective measure [27]. Therefore, an elevation in the quality of audits conducted by auditors leads to an uptick in fraud detection.

The influence of audit quality on fraud detection aligns with prior research findings. Umar et al. (2019) also concluded that audit quality plays a pivotal role in fraud detection. Hence, augmenting audit quality is anticipated to empower auditors in enhancing fraud detection capabilities..

The proficiency of auditors in identifying fraud corresponds with the principles of Attribution Theory, initially formulated by Fritz Heider in 1958. This theory pertains to individuals' interpretations of events and the underlying causes of their actions (Umar et al., 2019). According to Fritz Heider, an individual's conduct is shaped by both internal and external factors. Personal capabilities, stemming from internal attributes such as inherent qualities, disposition, attitude, competence, skills, and exertion, can significantly influence an individual's performance and behavior. Conversely, external factors beyond an individual's control, such as external pressures, also play a role. Auditor

experience and quality are the main attributes that an auditor must have in supporting his ability to detect fraud in financial reports. So that their ability can interpret events in the work environment, including fraud that occurs.

This is also in line with resource based theory where the Public Accounting Firm as an institution providing financial report inspection or audit services is very dependent on the quality of its auditors. Where in resource based theory human resources including auditors are the most important assets in service companies. Good quality will encourage the performance of public accountants and provide the best service to their clients (Bahtiar et al., 2017). So, in an effort to improve the quality of human resources or audits, accounting firms need to hold various case training and increase competency as well as recruiting auditors with a stricter systematic and prioritizing the quality and experience of previous work.

The competency and caliber of auditors in discerning fraudulent activities diverge from their proficiency in other auditing endeavors due to the unique nature of fraud detection. Unlike structured tasks in auditing, fraud detection presents an unstructured challenge coupled with an insufficient learning environment (Haire, 2005; Hakami et al., 2020; Suratman Hadi Priyano, 2017). Characterized as unstructured, fraud detection demands auditors to devise alternative methodologies, gather insights from diverse channels, and employ creative thinking in selecting detection strategies. Moreover, the learning environment for fraud detection is restricted, as auditors have limited access to structured educational resources and typically possess lesser experience in fraud detection tasks compared to other auditing responsibilities.

The Influence of Auditor Experience on Fraud Assessment Ability

The findings from data analysis indicate a significant and positive correlation between auditor experience and the capability to identify and evaluate fraud among auditors working in public accounting firms within the Jakarta and Bekasi regions. Hence, the greater an auditor's experience and the outcomes of their auditing endeavors, the higher their proficiency in detecting and assessing fraud within financial reports. An experienced auditor is typically defined as someone who has accumulated knowledge through auditing a specific subject over a period of time. This experience can be acquired through training, mentorship, knowledge sharing, and other means. An experienced auditor is presumed to possess not only the capability to detect anomalies or fraud within financial reports but also the aptitude to accurately articulate their findings compared to less experienced auditors (Bahtiar et al., 2017).

The accumulated work experience and skills possessed by auditors can enhance their vigilance towards indicators of fraudulent activities. Additionally, auditors with higher levels of education tend to possess a broader perspective on various issues, enabling them to develop a deeper understanding of the fields they operate in and effectively address complex challenges. Proficient auditors are essential for conducting intricate audit analyses, as they possess expertise in detecting errors, accurately comprehending them, and pinpointing their root causes. Research findings suggest that auditors with greater experience exhibit heightened awareness of errors, enabling them to comprehend and address issues related to the anomalies they uncover more effectively. In Resource Based theory, one form of intangible assets in a company is quality resources. Quality is not only obtained from qualified knowledge or a high educational background. However, besides that, a worker's experience also determines their quality and capability to carry out their duties and responsibilities well (Reinaldo & Yenni Carolina, 2019). Therefore, when an auditor has work experience with different levels of difficulty in examining financial data, their quality will increase, especially in detecting fraud as early as possible and reporting fraud because it violates an accountant's code of ethics.

Moyes and Anandarajan (2002) as cited in (Mahsifah & Mahmudi, 2021) highlighted that both the auditor's position and the duration of their auditing experience play significant roles in enhancing their ability to detect fraud. This assertion is supported by research conducted by (Wahyudi & Qintharah, 2023), which concluded that auditor experience correlates positively with fraud detection capabilities. Auditors who have accumulated extensive experience, particularly in managerial or supervisory roles, are more adept at identifying fraud due to their prolonged exposure to various auditing scenarios, thereby increasing their chances of detecting fraudulent activities. However, contrasting views are presented by Bédard (1989) as cited in Mui (2018), who argues that the length of auditing experience does not necessarily determine an auditor's expertise, as expertise is domain-specific, and auditing experience may not inherently include exposure to fraud detection. Consequently, auditors may not have adequate opportunities to cultivate expertise specifically in fraud detection. Furthermore, Sembiring & Widuri (2023) elucidated that knowledge and aptitude serve as superior explanatory factors for performance compared to auditor position and years of experience, because: (1) auditors acquire diverse knowledge through varied experiences and specialized training; (2) problem-solving skills are, in part, innate and may not be entirely trainable; and (3) knowledge is refined through practical experience in resolving issues. Consequently, the auditor's rank and tenure are deemed inadequate metrics for gauging their proficiency in fraud detection.

This claim is substantiated by research findings from Reinaldo & Yenni Carolina (2019), indicating a positive correlation between auditor experience and audit quality. Similarly, Said & Munandar (2018) concluded that an auditor's independence, competence, and experience play pivotal roles in fraud detection. Conversely, Suraida (2005) as cited in Bahtiar et al. (2017) posits that auditor experience is just one factor contributing to enhanced audit capabilities and facilitation of fraud detection, alongside workload and proficiency in technology or tools. Furthermore, Fadillah (2020) elaborates that experienced internal auditors exhibit heightened skepticism in detecting fraud due to their familiarity with fraudulent practices, rather than a lack of knowledge. Hence, many researchers align with the perspective that experience influences professional skepticism and the capacity to detect fraud, especially when such

experience is linked to specific instances fostering sensitivity and proficiency in recognizing particular fraudulent activities.

Conclusions

Based on the findings from the research conducted by the author, the conclusions of this research are as follows. There are significant positive influence between audit quality and ability to detect fraud also, there is significant positive influence between auditor experience and ability to assess fraud.

Suggestions

The suggestions made by the author in this research are as follows:

1. For Public Accounting Firms and Auditors, it is important for an auditor to improve their abilities both in terms of capability and experience in carrying out audits professionally and with full accuracy to ensure that there is no fraud or that if fraud occurs it can be detected and reported as quickly as possible.
2. For academics or researchers, in the effort to prepare this research there are still many limitations faced by the author, mainly the sample is still very small and the population coverage is not extensive. Therefore, it is hoped that future researchers will carry out further research with a larger number of samples in the form of public accountants with a wider population. Apart from that, because the simultaneous test shows that the influence of the independent variable is still heavily influenced by other variables, the researcher hopes that future research will add other variables such as Audit Complexity, Workload and Trust as independent variables or moderation and mediation variables.

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