ENHANCING FRAUD DETECTION CAPACITIES: THE ROLE OF AUDITOR TRAINING, PROFESSIONAL SKEPTICISM, AND INTEGRITY IN GOVERNMENT INTERNAL CONTROL MECHANISMS IN INDONESIA

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ABSTRACT

Purpose: This research exploration the impact of auditor experience, training, professional skepticism, and integrity on fraud detection abilities.

Method: This research uses a quantitative method to collect data and analyze the relationship between auditor experience, training, professional doubt, and integrity on the ability to detect fraud. The study population consisted of internal auditors at the Selayar Islands Regional Inspectorate Office, Jeneponto, and Takalar, South Sulawesi Province, Indonesia. From this population, n=53 was taken as a sample using a purposive sampling technique.

Result and Conclusion: The findings, obtained through multiple regression analysis, reveal that while experience does not significantly affect fraud detection, training, auditor skepticism, and integrity have a notable impact. Specifically, training and the auditor's professional skepticism are crucial in enhancing fraud detection capabilities, with integrity showing a robust influence.

Implication of the research: The contribution this research for government make a valuable contributions to formulating anti-corruption policies. It is important to emphasize the need for transparency and accountability in government practices, as well as focused auditor training in developing nations.

Originality/value: The novelty of this research lies in examining the combined impact of auditor experience, training, professional skepticism, and integrity on fraud detection abilities within the specific context of government internal auditors in developing nations.

Keywords: Auditors, Corruption, Financial Statements, Fraud, Government.

REFORÇO DAS CAPACIDADES DE DETECÇÃO DA FRAUDE: O PAPEL DA FORMAÇÃO DOS AUDITORES, DO CEPTICISMO PROFISSIONAL E DA INTEGRIDADE NOS MECANISMOS DE CONTROLO INTERNO DO GOVERNO NA INDONÉSIA

RESUMO

Objetivo: Esta investigação explora o impacto da experiência, formação, ceticismo profissional e integridade do auditor na capacidade de deteção de fraudes.

Método: Esta investigação utiliza um método quantitativo para recolher dados e analisar a relação entre a experiência do auditor, a formação, o ceticismo profissional e a integridade na capacidade de detetar fraudes. A população do estudo era constituída por auditores internos do Gabinete de Inspeção Regional das Ilhas Selayar, Jeneponto e Takalar, na província de Sulawesi do Sul, Indonésia. Desta população, foi selecionada uma amostra de n=53, utilizando uma técnica de amostragem intencional.

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Resultados e conclusões: Os resultados, obtidos através da análise de regressão múltipla, revelam que, embora a experiência não afete significativamente a deteção de fraudes, a formação, o ceticismo do auditor e a integridade têm um impacto notável. Especificamente, a formação e o ceticismo profissional do auditor são cruciais para melhorar as capacidades de deteção de fraudes, com a integridade a mostrar uma forte influência.

Implicações da investigação: A contribuição desta investigação para o governo é valiosa para a formulação de políticas anti-corrupção. É importante sublinhar a necessidade de transparência e responsabilidade nas práticas governamentais, bem como de uma formação específica dos auditores nos países em desenvolvimento.

Originalidade/valor: A novidade desta investigação reside na análise do impacto combinado da experiência do auditor, da formação, do ceticismo profissional e da integridade na capacidade de deteção de fraudes no contexto específico dos auditores internos do governo nos países em desenvolvimento.

Palavras-chave: Auditores, Corrupção, Demonstrações financeiras, Fraude, Governo.

MEJORA DE LA CAPACIDAD DE DETECCIÓN DEL FRAUDE: EL PAPEL DE LA FORMACIÓN DE AUDITORES, EL ESCEPTICISMO PROFESIONAL Y LA INTEGRIDAD EN LOS MECANISMOS DE CONTROL INTERNO DEL GOBIERNO EN INDONESIA

RESUMEN

Propósito: Esta investigación explora el impacto de la experiencia del auditor, la formación, el escepticismo profesional y la integridad en la capacidad de detección del fraude.

Método: Esta investigación utiliza un método cuantitativo para recoger datos y analizar la relación entre la experiencia del auditor, la formación, la duda profesional y la integridad en la capacidad de detectar fraudes. La población del estudio estaba formada por auditores internos de la Oficina Regional de Inspección de las Islas Selayar, Jeneponto y Takalar, en la provincia de Sulawesi del Sur, Indonesia. De esta población, se tomó como muestra n=53 utilizando una técnica de muestreo intencional.

Resultado y conclusión: Las conclusiones, obtenidas mediante análisis de regresión múltiple, revelan que, si bien la experiencia no afecta significativamente a la detección del fraude, la formación, el escepticismo del auditor y la integridad tienen un impacto notable. En concreto, la formación y el escepticismo profissional del auditor son cruciales para mejorar la capacidad de detección del fraude, y la integridad muestra una influencia sólida.

Implicación de la investigación: La contribución de esta investigación para el gobierno hace un valioso aporte a la formulación de políticas anticorrupción. Es importante hacer hincapié en la necesidad de transparencia y responsabilidad en las prácticas gubernamentales, así como en la formación específica de auditores en los países en desarrollo.

Originalidad/valor: La novedad de esta investigación radica en examinar el impacto combinado de la experiencia, la formación, el escepticismo profesional y la integridad de los auditores sobre la capacidad de detección del fraude en el contexto específico de los auditores internos gubernamentales en los países en desarrollo.

Palabras clave: Auditores, Corrupción, Estados Financieros, Fraude, Gobierno.

1 INTRODUCTION

The urgency of detecting fraud lies in preventing financial losses, maintaining public trust, and upholding the integrity of organizations. Timely fraud detection also helps to mitigate
potential damage to the reputation and stability of the entity. Indonesia, as Southeast Asia's largest and the world's sixteenth-largest economy, showcased a GDP exceeding 1 trillion USD by 2018, illustrating its ascent in the global market economy (Perkins, 2021, p. 4). Nevertheless, the country faces entrenched fraud and corruption, highlighted during anti-corruption initiatives in the late 1990s by the World Bank and Transparency International in Asia and Africa. With a notably high Corruption Perception Index of 89%, Indonesia exemplifies the corruption challenges in nascent democracies, where democracy alone doesn't suffice for corruption control (Batalla, 2020, p. 73; Pertiwi, 2022, p. 158). This endemic corruption, manifesting through authority abuse, embezzlement, and financial manipulation, underscores the necessity for a dynamic, context-specific understanding of corruption perception and its mitigation for economic stability and growth (Guritno et al., 2021, p. 205; Paguay et al., 2024; Saliba et al., 2023; Siahaan et al., 2023, p. 26). Effective governance is pivotal for Indonesia's sustainable economic progression and combating corruption (Di Miceli da Silveira, 2022).

Indonesia's Corruption Eradication Commission (KPK), the country's premier anti-corruption body, actively assesses its anti-corruption measures (Prabowo, 2020, p. 509; Quah, 2020, p. 129). Despite the KPK's efforts, corruption, particularly in local governments, has shown an upward trend, with significant cases involving Regional Revenue and Expenditure Budget (APBD) abuses, leading to 143 regional heads being charged (Paranata, 2022). To counter such corruption, internal auditors play an increasingly crucial role in detecting, preventing, and addressing fraudulent activities that fuel corruption (Maulidi et al., 2022; Rudyanto et al., 2022).

Fraud in the financial sector manifests through numerous avenues like credit cards, e-commerce, and online banking, posing significant risks (Putri et al., 2024; Vanini et al., 2023). Fraudulent activities often stem from inadequate internal controls (Maulidi, 2020, p. 573), and in some regions, bribery among public officials is a method to expedite services (Kamel et al., 2022, p. 482). The exploration of corruption's causes and consequences remains a focal point for researchers, executives, and policymakers (Tafolli & Grabner-Kräuter, 2020, p. 1350).

Several researchers have examined acts of fraud and corruption in Indonesia, as well as the role of experience, training, professional skepticism, and the integrity of internal auditors in overcoming this problem (Amoah & Steyn, 2022; Krambia Kapardis & Levi, 2023; Lin & Yen, 2023; Oboh, 2023). Research reveals that construction professionals face numerous ethical dilemmas, including issues like tender inflation, bribery, substandard materials, and discrimination (Amoah & Steyn, 2022). In Nigeria, there is evidence that prospective accountants exhibit high emotional intelligence alongside a propensity for fraud (Oboh, 2023).
Additionally, synchronizing internal audits with their respective periods can expedite the audit process, enhancing efficiency (Lin & Yen, 2023). However, attributes typically deemed beneficial, such as experience, training, and skepticism, may not uniformly predict fraud detection success, indicating that outcomes can vary based on context and the application of contemporary detection methods. The novelty of this research lies in examining the combined impact of auditor experience, training, professional skepticism, and integrity on fraud detection abilities within the specific context of government internal auditors in developing nations.

This study delves into how auditor experience, training, skepticism, and integrity influence fraud detection capabilities, offering insights beneficial for both theory and practice in fraud and corruption prevention, particularly within Indonesia and its government. Theoretically, it investigates how these key factors interact and impact an auditor's fraud detection efficiency, proposing new theoretical concepts for enhanced understanding. Practically, it provides recommendations for improving audit methodologies, aiding auditors and firms in enhancing fraud detection efficiency. Furthermore, this research could inform the creation of superior training initiatives, suggest modifications to audit policies, and promote greater governmental integrity, transparency, and accountability. Consequently, the study lays out several hypotheses for exploration.

- **H1**: Auditor experience significantly affects the ability to detect fraud.
- **H2**: Auditor training significantly affects the ability to detect fraud.
- **H3**: Professional skepticism significantly affects the ability to detect fraud.
- **H4**: Auditor integrity significantly affects the ability to detect fraud.

## 2 LITERATURE REVIEW

### 2.1 THEORY OF PLANNED BEHAVIOR

The theory of planned behavior (TPB), established by Ajzen, delineates that intentions and behaviors are shaped by three core elements: personal attitudes, social influences, and control perceptions (Ajzen, 2005). This theory posits that intentions, pivotal for predicting behavior, are molded by attitudes toward the behavior, societal expectations (subjective norms), and perceived ease or difficulty of performing the behavior (perceived behavioral control). TPB is instrumental in understanding how attitudes form based on underlying beliefs about behavior and how these attitudes, along with norms and control perceptions, direct intentions and actions (Liu & Chen, 2023; Mutyebere et al., 2023; Ramos, 2023; J. Wang et al., 2023). The theory's
extension to include perceived behavioral control offers insights into behaviors impacted by beyond sheer will, accounting for factors restricting voluntary control (Ajzen, 2005). Furthermore, it highlights how governmental actions can influence public attitudes, norms, and control perceptions, ultimately shaping individual behaviors (Ong et al., 2023, p. 1).

Attitudes are formed from evaluations of the positive and negative consequences of actions. Factors that influence attitudes include beliefs about the results of actions, evaluation of values related to actions, and evaluation of actions (Ajzen, 2005). Subjective norms reflect individual perceptions of social pressure to take or not take action (Ajzen, 2005; Ding et al., 2023; Rastegari et al., 2023). Perceived control of behavior refers to beliefs about the extent to which individuals have control over the execution of actions (Ajzen, 2005; Fishbein & Ajzen, 1975; Narsa et al., 2023; Utton et al., 2023). Attitudes refer to an individual's overall evaluation or perception of a particular behavior, including the positive or negative feelings associated with it. Attitudes are shaped by beliefs about the outcomes or consequences of the behavior, evaluations of those outcomes, and the importance or value assigned to those outcomes.

2.2 EXPERIENCE IN DETECTING FRAUD

Fraud in public procurement poses a significant risk and is a critical issue for organizations, with notable instances in the US and across EU countries, including the UK, involving substantial financial losses (Abedini et al., 2023; Li et al., 2023; Rustiarini, Surisno, et al., 2019; Takefuji, 2023). The expertise in fraud detection is essential for asset protection, reputation maintenance, and loss mitigation (Gwenzi et al., 2023; Wahid et al., 2023). The rapid evolution of fraudulent tactics often exploits predictable consumer behaviors (Button et al., 2023; Z.-Y. Chen & Han, 2023; Karthikeyan et al., 2023). Organizations committed to social responsibility tend to experience fewer and less severe fraud cases (Chu et al., 2023; Gong et al., 2022).

Experience teaches how important ethics are in detecting fraud. The primary safeguards against fraud threats are cultural, legal, and individual and organizational defenses (Button et al., 2023). Maintaining integrity, transparency, and fair treatment to all parties involved is fundamental in carrying out their duties (Habibpour et al., 2023; Lai et al., 2023). Ethical lessons help build trust with stakeholders and a positive image of the organization (Narsa et al., 2023; Xiao et al., 2022). Fraud detection experience is a valuable asset that provides deep insight into the complexities of challenges faced in maintaining integrity and mitigating the risk of fraud (Ren et al., 2023; Rodrigues et al., 2022). These experiential lessons, such as
understanding behavior patterns, teamwork, application of technology, and ethics, provide a solid foundation for designing effective strategies to detect and prevent future fraudulent acts. Fraud damages an individual's wealth and reputation and threatens social security (Karunachandra et al., 2023, p. 364). The study revealed that Subjective Risk Attitudes (SRA) moderate the link between financial literacy and fraud victimization, showing that as risk preference increases, this relationship transitions into a consistently positive correlation (Du & Chen, 2023, p. 1). Experience in detecting fraud refers to the accumulation of knowledge, skills, and insights gained from practical involvement in identifying and preventing fraudulent activities. This experience encompasses understanding the various tactics used by fraudsters, recognizing behavioral patterns indicative of fraudulent behavior, leveraging technology and analytical tools for detection, and applying ethical principles in investigative processes.

2.3 TRAINING IN DETECTING FRAUD

The analysis indicates that susceptibility to fraud or corruption allegations extends beyond institutional organizers to include individual employees with authority in public procurement activities. Audit training is a systematic effort to increase the knowledge, skills, and understanding of internal control apparatus on audit techniques, principles of supervision, and knowledge of the risk of fraud that occurs in operational activities (Sisodia & Sisodia, 2023, p. 1). With this increased capability, the internal control apparatus recognizes signs of fraud, applies more sophisticated audit techniques, and critically evaluates business processes (Li et al., 2023). Audit training increases the understanding of the internal control apparatus. This strengthens the ability to identify weaknesses in internal systems, design preventive measures, and implement appropriate corrective actions if fraud is detected (Bockel-Rickermann et al., 2023, p. 1). Continuous audit training is a must for internal control apparatus. Audit training helps them adapt to changing environments, master the latest auditing technologies, and understand the latest trends in fraud (Bastos et al., 2023, p. 1). Trained internal oversight apparatus is a valuable asset for local governments to maintain transparency, accountability, and public trust.
2.4 PROFESSIONAL SKEPTICISM

The auditor's professional skepticism of the ability of the regional internal control apparatus to detect fraud is an important area that must be studied in the field of auditing and fraud detection (Ashiru et al., 2023). This relationship involves a complex interplay between the professional skepticism exhibited by auditors and the effectiveness of internal control mechanisms in a regional context. Professional skepticism is a primary attribute of an auditor. This refers to a mindset that encourages critical assessment of evidence, a careful approach to management statements, and the search for material discrepancies or irregularities in financial statements (Xu et al., 2023, p. 1). This is an essential component in the auditor's tools, especially in identifying fraud. Highly skeptical auditors tend to examine transactions more deeply, dig deeper into financial records, and consider alternative explanations, thereby increasing the likelihood of detecting fraud (Shahana et al., 2023). On the other hand, the regional internal control apparatus includes internal control systems, governance structures, and oversight mechanisms within regional entities. The practical work of detecting fraud depends on various factors, including the competence of personnel, the adequacy of internal controls, the timeliness of reporting, and the extent to which potential warning signs are identified (Wu et al., 2023, p. 1).

The relationship between the professional skepticism of auditors and the ability of the regional internal auditing apparatus to detect fraud is complex. Highly skeptical auditors significantly improve the ability of internal controls to detect fraud (Wu et al., 2023). The auditor's independent assessment serves as valuable validation, establishing confidence in the effectiveness of the internal control system (Davidson, 2022, p. 1). However, the effectiveness of the regional internal audit apparatus is independent of the professional skepticism of the auditors, which is a collaborative effort. Both auditors and internal control personnel must work together to detect fraud (L. Chen et al., 2022, p. 589). Communication and cooperation between these parties are critical. Professional skepticism refers to the critical mindset and cautious approach adopted by auditors in evaluating evidence, scrutinizing management assertions, and identifying potential discrepancies or irregularities in financial statements. It is a fundamental attribute of auditors and serves as a key tool in detecting fraud.
2.5 INTEGRITY STAFF

Integrity among employees plays a pivotal role in enhancing the efficacy of regional internal control systems in identifying fraudulent activities (Hechanova & Manaois, 2020, p. 278; Usman et al., 2024). It serves as a fundamental yardstick for evaluating the ethical standards within organizations and governments (Yang, 2023). Within the tourism industry, integrity manifests through a comprehensive framework comprising system integrity, contract adherence, cultural integrity, and leadership ethos (Lai et al., 2023).

The combination of a favorable climate and high-integrity performance tends to diminish opportunities for fraud (Alrobaish et al., 2023, p. 8). Employees exhibiting high integrity levels typically demonstrate a steadfast commitment to truth and justice, leading them to report any potential fraudulent activities they encounter, even if involving colleagues or superiors (Agnihotri et al., 2023, p. 1). Supportive management enhances the positive impact of auditor ethics on audit opinions, thereby ensuring auditors' ability to maintain independence and objectivity in their work (Yasmin et al., 2024). Conversely, a lack of integrity poses a substantial hindrance to fraud detection efforts, impacting the quality of supervisory reports and impeding the effectiveness of regional internal control mechanisms (Lu et al., 2023, p. 1). Integrity refers to the quality of being honest, principled, and morally upright in one's actions and behavior. It serves as a fundamental standard for evaluating ethical conduct within organizations and governmental entities. In the context of employees, integrity involves a steadfast commitment to truth and justice, even in the face of potential pressures or temptations to act otherwise.

3 RESEARCH METHODOLOGY

3.1 PARTICIPANT CHARACTERISTICS

Following are the characteristics of the respondents of this study.
Table 1
Participant Characteristics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled Auditor</td>
<td>1</td>
<td>1.87</td>
</tr>
<tr>
<td>First Auditor</td>
<td>12</td>
<td>22.64</td>
</tr>
<tr>
<td>Young Auditor</td>
<td>28</td>
<td>52.83</td>
</tr>
<tr>
<td>Auditor Madya</td>
<td>12</td>
<td>22.64</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Man</td>
<td>32</td>
<td>60.38</td>
</tr>
<tr>
<td>Woman</td>
<td>21</td>
<td>39.62</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strata 1 (Bachelor)</td>
<td>32</td>
<td>60.38</td>
</tr>
<tr>
<td>Undergraduate (Master)</td>
<td>20</td>
<td>37.75</td>
</tr>
<tr>
<td>Strata 3 (Doctorate)</td>
<td>1</td>
<td>1.87</td>
</tr>
</tbody>
</table>

Based on the table 1, the characteristics of the respondents according to the position that returned the questionnaire were those with the position of a skilled auditor. There was one respondent or 1.87%. The first auditor was 12 respondents, or 22.64% of the total questionnaire that was filled out. % of the total completed questionnaires, Middle Auditors were 12 respondents or 22.64% of the total completed questionnaires. This research already reflects the opinions of each position in the local government's internal supervisory apparatus. The following characteristic of the respondents was gender; 32 were male, or 60.38% of the total questionnaires that had been filled in, while there were 21 female respondents or 39.62% of the total questionnaires. In terms of educational level, this study obtained 32 respondents with an educational background of Bachelor's degree (Bachelor's degree) or 60.38%, Master's degree 20 respondents or 37.75% and Master's degree 3 (Doctorate) 1 person or 1.87%. Of the total questionnaires that have been filled.

3.2 SAMPLING PROCEDURES

The study population consisted of internal auditors at the Selayar Islands Regional Inspectorate Office, Jeneponto, and Takalar, South Sulawesi Province, Indonesia. From this population, n=53 was taken as a sample using a purposive sampling technique: auditors consisting of skilled auditors, junior auditors, junior auditors, and middle auditors.

3.3 DATA COLLECTIONS

The data collection technique is a questionnaire using Google Forms. The research instrument consists of experience items (EXP), training (TRAIN), professional skepticism
(SKEP), integrity (INTEGRITY), and the ability to detect fraud (DFRAUD). The questionnaire was used as a measuring tool with a Likert ordinal scale of five levels of agreement.

3.4 DIAGNOSTICS DATA

Before conducting the regression analysis, it is imperative to subject the collected data to prerequisite tests, namely the normality and multicollinearity tests. The normality of data distribution is assessed using the Kolmogorov-Smirnov test. Results indicate that the data follows a typical distribution, with Asymp. Sig. (2-tailed) at 0.859 (p>0.05). Regarding multicollinearity, the tolerance values for the variables "exp," "training," "skeptic," and "integrity" are 0.681, 0.362, 0.412, and 0.329, respectively, all exceeding the threshold of 0.10. Additionally, the VIF values for each variable, 1.469, 2.766, 2.429, and 3.036, are all below 10, indicating the absence of multicollinearity.

3.5 ANALYTIC STRATEGY

Data analysis was performed using the Statistical Package for Social Science (SPSS) software version 25. Multiple regression analysis was performed to determine the effect of EXP, TRAIN, SKEP, and INTEGRITY on DFRAUD with a significance level of 5% (0.05). The following is the regression model of this study.

\[ DFRAUD = \beta_0 + \beta_1 \text{EXP} + \beta_2 \text{TRAIN} + \beta_3 \text{SKEP} + \beta_4 \text{INTEGRITY} + \epsilon \quad (1) \]

4 RESULTS

4.1 DESCRIPTIVE STATISTICS

Table 2 summarizes the data characteristics of the several variables listed. This table contains information about the number of observations in the sample, the minimum and maximum observed values for each variable, the average of the data, and the level of variation measured by standard deviation.
Table 2

Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Means</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXP</td>
<td>53</td>
<td>1.00</td>
<td>5.00</td>
<td>2.400</td>
<td>1.11672</td>
</tr>
<tr>
<td>TRAIN</td>
<td>53</td>
<td>1.00</td>
<td>5.00</td>
<td>3.1714</td>
<td>0.89888</td>
</tr>
<tr>
<td>SKEP</td>
<td>53</td>
<td>2.65</td>
<td>4.41</td>
<td>3.6383</td>
<td>0.50687</td>
</tr>
<tr>
<td>INTEGRITY</td>
<td>53</td>
<td>3.71</td>
<td>5.00</td>
<td>4.2391</td>
<td>0.42456</td>
</tr>
<tr>
<td>DFRAUD</td>
<td>53</td>
<td>2.21</td>
<td>4.43</td>
<td>3.4531</td>
<td>0.67078</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are five variables analyzed, namely Experience (EXP), Training (TRAIN), Professionalism Skepticism (SKEP), Integrity (INTEGRITY), and Ability to Detect Fraud (DFRAUD). The total number of observations in the sample is 35. In terms of experience (EXP), the average respondent's experience is about 2.4, with a standard deviation of about 1.12. The Training variable averages around 3.17 with a standard deviation of around 0.90.

Meanwhile, Professionalism Skepticism averages around 3.64 with a standard deviation of around 0.51. The Integrity variable averages around 4.24 with a standard deviation of around 0.42. At the same time, the Ability to Detect fraud has an average of around 3.45 with a standard deviation of around 0.67. All 35 observations have complete data for all variables analyzed. This table provides a statistical overview helpful in understanding the distribution and variation of data in a sample.

4.2 THE EFFECT OF EXPERIENCE ON THE ABILITY OF THE REGIONAL INTERNAL SUPERVISORY APPARATUS TO DETECT FRAUD

Researchers have conducted hypothesis testing whose results are presented in Table 3 to determine the effect of auditor experience on the ability to detect fraud.

Table 3

Hypothesis 1 Testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients β</th>
<th>std. Error</th>
<th>Standardized Coefficients β</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.857</td>
<td>0.549</td>
<td>-1.562</td>
<td>0.129</td>
<td></td>
</tr>
<tr>
<td>EXP</td>
<td>0.068</td>
<td>0.051</td>
<td>0.113</td>
<td>1.332</td>
<td>0.193</td>
</tr>
</tbody>
</table>

Dependent Variable: DFRAUD

Table 3 show that the experience variable (EXP) has a positive regression coefficient of 0.068 with a standard error of 0.051. The standard coefficient (Beta) of the experience variable is 0.113, indicating the relative contribution of this variable to the variable ability to detect fraud.
Enhancing Fraud Detection Capacities: The Role of Auditor Training, Professional Skepticism, and Integrity in Government Internal Control Mechanisms in Indonesia

(DFRAUD). The t value is 1.332 with a significance of 0.193, which indicates that the experience variable has no significant effect on the ability to detect fraud at the 0.05 significance level. The constant variable (intercept) has a regression coefficient of -0.857 with a standard error of 0.549. However, the resulting t-value, -1.562, is insignificant at a significance level of 0.05, with a significance value of 0.129. These results imply that in the context of this model, experience (EXP) does not significantly impact fraud detection ability (DFRAUD), given the significance of t, which exceeds the threshold of 0.05.

Therefore, insufficient evidence supports the hypothesis that experience significantly affects the ability to detect fraud. However, further analysis may be needed to understand other factors affecting fraud detectability.

4.3 THE EFFECT OF AUDIT TRAINING ON THE ABILITY OF THE REGIONAL INTERNAL SUPERVISORY APPARATUS TO DETECT FRAUD

Researchers have conducted hypothesis testing whose results are presented in Table 4 to determine the effect of auditor training on the ability to detect fraud.

Table 4

<table>
<thead>
<tr>
<th>Hypothesis 2 Testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>TRAIN</td>
</tr>
</tbody>
</table>

The constant variable (intercept) has a regression coefficient of -0.857, with a standard error of 0.549. Even though the t value is -1.562, the significance of t at 0.129 indicates that the constant variable has no significant effect at the 0.05 significance level. Therefore, training (TRAIN) significantly affects the ability to detect fraud (DFRAUD). The positive regression coefficient value indicates that training has a positive impact on increasing the ability to detect fraud.
4.4 THE EFFECT OF AUDITOR PROFESSIONALISM SKEPTICISM ON THE ABILITY OF THE REGIONAL INTERNAL SUPERVISORY APPARATUS TO DETECT FRAUD

Researchers have conducted hypothesis testing whose results are presented in Table 5 to determine the effect of professional skepticism on the ability to detect fraud.

Table 5

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients β</th>
<th>std. Error</th>
<th>Standardized Coefficients β</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.857</td>
<td>0.549</td>
<td>-1.562</td>
<td>0.129</td>
<td></td>
</tr>
<tr>
<td>SKEP</td>
<td>0.474</td>
<td>0.144</td>
<td>0.358</td>
<td>3.294</td>
<td>0.003</td>
</tr>
</tbody>
</table>

Dependent Variable: DFRAUD

Table 5 show that the variable auditor professionalism skepticism (SKEP) has a positive regression coefficient of 0.474, with a standard error of 0.144. The standard coefficient (Beta) of the skeptical variable is 0.358, which indicates the relative contribution of this variable to the variable ability to detect fraud (DFRAUD). The t value is 3,294 with a significance of 0.003, which indicates that the SKEP variable significantly affects the ability to detect fraud at a significance level of 0.05. The constant variable (intercept) has a regression coefficient of -0.857, with a standard error of 0.549. Even though the t value is -1.562, the significance of t at 0.129 indicates that the constant variable has no significant effect at the 0.05 significance level. Therefore, the professionalism of the auditor's skepticism (SKEP) significantly affects the ability to detect fraud (DFRAUD). The positive regression coefficient value indicates that the higher the level of skepticism and professionalism of the auditor, the better the auditor's ability to detect fraud.

4.5 THE EFFECT OF STAFF INTEGRITY ON THE ABILITY OF THE REGIONAL INTERNAL SUPERVISORY APPARATUS TO DETECT FRAUD

Researchers have conducted hypothesis testing whose results are presented in Table 6 to determine the effect of integrity on the ability to detect fraud.
Table 6

Hypothesis 4 Testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients β</th>
<th>std. Error</th>
<th>Standardized Coefficients β</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.857</td>
<td>0.549</td>
<td>-1.562</td>
<td>0.129</td>
<td></td>
</tr>
<tr>
<td>INTEGRITY</td>
<td>1.193</td>
<td>0.180</td>
<td>0.755</td>
<td>6.610</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 6 show that the staff integrity variable (INTEGRITY) has a positive regression coefficient of 1.193, with a standard error of 0.180. The standard coefficient (Beta) of the INTEGRITY variable is 0.755, which indicates the relative contribution of this variable to the variable ability to detect fraud (DFRAUD). The t value is 6.610 with a significance of 0.000, which indicates that the INTEGRITY variable significantly affects the ability to detect fraud at a significance level of 0.05. The constant variable (intercept) has a regression coefficient of -1.602, with a standard error of 0.769. The resulting t value is -2.085, with a significance of t at 0.045. Even though this significance is lower than the threshold of 0.05, keep in mind that this significance has almost reached that threshold, so the influence of the constant variable on the ability to detect fraud is still worth considering. Therefore, staff integrity (INTEGRITY) significantly and robustly influences the ability to detect fraud (DFRAUD). The positive regression coefficient value indicates that the higher the integrity of the staff, the better the ability to detect fraud.

5 DISCUSSION

The findings do not provide substantial support for the hypothesis suggesting a significant impact of experience on fraud detection ability. This aligns with previous research indicating experienced professionals encounter various unethical challenges in their roles, including inflated tender prices, extortion, bribery, unethical project execution methods, and substandard materials usage. However, factors like greed, normalization of corruption, lack of awareness about ethical codes, reliance on unethical means for contract acquisition, and peer influence pose significant hurdles in adhering to ethical standards and combating corruption within the construction industry (Amoah & Steyn, 2022).

The primary catalysts for fraud encompass: (1) lax enforcement of regulations alongside corruption, (2) inadequate monitoring mechanisms, (3) financial constraints, and (4) demand surpassing supply (Gwenzi et al., 2023; Wahid et al., 2023). Fraudulent behavior lacks consistency, necessitating the utilization of unsupervised learning techniques. Perpetrators
leverage advanced technologies, particularly in online transactions, adapting to consumer habits swiftly (Button et al., 2023; Z.-Y. Chen & Han, 2023; Karthikeyan et al., 2023). Organizations demonstrating higher social responsibility exhibit reduced instances and likelihood of corporate fraud (Chu et al., 2023; Gong et al., 2022). Recognizing early indicators of fraud, such as financial discrepancies and unusual transactions, is crucial. Effective teamwork and coordination are imperative in addressing fraud cases, with diverse expertise enhancing problem-solving capabilities and detecting intricate fraudulent activities (Hagen & Malisa, 2022).

The findings indicate a significant impact of training on fraud detection capability. Research suggests that prospective accountants in Nigeria exhibit high emotional intelligence but also a propensity towards fraudulent behavior (Oboh, 2023). Not only institutions but also individual employees involved in public procurement activities are susceptible to allegations of fraud or corruption (Rustiarini, T, et al., 2019). The effectiveness of internal oversight mechanisms in detecting fraud is crucial for ensuring good governance and maintaining integrity in financial and resource management at regional (Bautista-Beauchesne & Garzon, 2019). Thus, understanding the influence of audit training on enhancing the internal control apparatus's capacity to identify potential fraud becomes imperative. Audit training entails a systematic approach to enhancing the knowledge, skills, and comprehension of auditing techniques, supervision principles, and awareness of potential fraud risks in operational activities (Sisodia & Sisodia, 2023). It enables professionals to adapt to evolving environments, leverage the latest auditing technologies, and stay abreast of contemporary fraud trends (Bastos et al., 2023).

The research found that the professionalism of the auditor's skepticism significantly affects the ability to detect fraud. This aligns with research that says that interim audits help reduce audit time lag. These results indicate that final audits can be completed more efficiently when interim audits are conducted in the same period (Lin & Yen, 2023). The auditor's professional skepticism of the ability of the regional internal control apparatus to detect fraud is an important area that must be studied in the field of auditing and fraud detection (Ashiru et al., 2023; Y. Wang et al., 2019). This relationship involves a complex interplay between the professional skepticism exhibited by auditors and the effectiveness of internal control mechanisms in a regional context. Professional skepticism is a primary attribute of an auditor. This refers to a mindset that encourages a critical assessment of evidence, a careful approach to management statements, and the search for material discrepancies or irregularities in financial statements (Xu et al., 2023). Highly skeptical auditors tend to examine transactions more
deeply, dig deeper into financial records, and consider alternative explanations, thereby increasing the likelihood of detecting fraud (Alli et al., 2018; Shahana et al., 2023). The relationship between the professional skepticism of auditors and the ability of the regional internal auditing apparatus to detect fraud is complex. Highly skeptical auditors can significantly improve the ability of internal controls to detect fraud (Wu et al., 2023).

Research indicates a strong and significant correlation between staff integrity and fraud detection capability. A positive regression coefficient suggests that higher staff integrity corresponds to improved fraud detection ability. This finding aligns with studies demonstrating the positive impact of auditor integrity and organizational commitment on fraud prevention (Krambia Kapardis & Levi, 2023; Rifai & Mardijuwono, 2020). Employee integrity plays a crucial role in enhancing the regional internal control apparatus's effectiveness in detecting fraudulent activities, increasingly becoming a benchmark for assessing organizational and governmental integrity (Hechanova & Manaois, 2020). Integrity encompasses moral and professional ethics demonstrated by individuals in their duties (Yang, 2023). Within the regional internal control framework, integrity ensures thorough and accurate supervision of financial and operational aspects of regional entities. Integrity within the tourism industry is a multifaceted construct comprising system integrity, contract performance, integrity culture, and leadership integrity (Lai et al., 2023). A climate of high-integrity performance tends to mitigate opportunities for fraud (Alrobaish et al., 2023). Leadership behavior that fosters empowerment positively influences employee engagement (Elsetouhi et al., 2018). Maintaining integrity enhances the quality of supervisory reports, enabling the regional internal control apparatus to offer precise and timely recommendations for fraud prevention and management. Conversely, a lack of integrity poses a significant barrier to fraud detection (Lu et al., 2023).

6 CONCLUSIONS

In the context of a government that aims to prevent corruption and fraud, this study aims to reveal the influence of experience, training, and professional skepticism on the ability to detect fraud. The focus is on identifying the key elements that can shape the effectiveness of fraud prevention and detection efforts within government structures. Insufficient evidence supports the hypothesis that experience significantly affects the ability to detect fraud. Training has a significant effect on the ability to detect fraud. The professionalism of the auditor's skepticism significantly affects the ability to detect fraud. Staff integrity significantly and strongly influences the ability to detect fraud. This research contributes to developing anti-
corruption and fraud policy laws for developing countries through integrity, transparency, accountability of government practices, and intensive training. This research has solid strategic implications for governance. Emphasizing auditor training, increasing skepticism and professionalism, and promoting staff integrity can be concrete steps in strengthening the government's ability to detect and prevent corruption and fraud.

The research makes a significant contribution to government efforts in combating fraud and corruption. By emphasizing the importance of training and professional skepticism in enhancing fraud detection capabilities, the study provides valuable insights for government agencies in formulating anti-corruption policies and practices. The findings stress the need for transparency and accountability in government operations, highlighting the crucial role of internal auditors in detecting and preventing fraudulent activities. This research also underscores the importance of focused auditor training, particularly in developing nations, to strengthen the ability of government internal auditors to effectively detect and combat fraud.

However, it is important to note that this research is limited to a specific group of internal auditors in a particular region and may not be generalized to all government internal auditors in developing nations. Additionally, the findings may not be directly transferrable to the private sector or to different cultural and regulatory contexts. Future research in this area could explore the effectiveness of different training methods in enhancing auditor's fraud detection abilities. Comparative studies involving different training approaches, such as workshops, online courses, and on-the-job training, could provide valuable insights into the most effective strategies for developing auditor skills in fraud detection. Additionally, longitudinal studies tracking the impact of training on fraud detection abilities over time could offer a deeper understanding of the long-term effectiveness of various training programs.

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