

Supervisory Action Skills, Independence, Professional Skepticism, and Time Pressure on Fraud Detection

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Abstract: Based on ACFE data entitled *Asia-Pacific Occupational Fraud 2022: A Report to the Nations*, Indonesia is ranked 4th as the country with the highest number of fraud in 2022, with 23 cases recorded. The largest fraud in Indonesia is corruption at 64%, misuse of assets or assets of the state & company at 28.9% and financial statement fraud at 6.7%. Based on this data, the ability of auditors to detect fraud is increasingly interesting to research. The auditor's ability to detect fraud is one of the qualities for an auditor in finding irregularities in his audit assignment. In this study, which is suspected to affect the auditor's ability to detect fraud, including Supervisory Action, independence, professional skepticism, and time pressure. This study obtained the results of the variables of independence, professional skepticism, and time pressure have a significant positive influence on fraud detection. Meanwhile, supervisory action has a positive and insignificant effect on fraud detection.

Keywords: Supervisory Action, Independence, Professional Skepticism, Time pressure, Fraud Detection.

I. INTRODUCTION

Financial statements are the result of a series of processes for recording and summarizing business transaction data. Financial statements aim to provide important information to interested parties such as investors and creditors in making investment and credit decisions (Hery, 2015). According to the International Accounting Standards Board (IASB), a good financial report is seen from whether the financial statements are qualified, namely they can provide economic benefits to interested parties in the company and are reliable (reliability) so that they can be used as a basis for making decisions. According to The Association of Certificated Fraud Examiners (ACFE), fraud is an act of legal abuse that is carried out deliberately with a specific purpose. This fraud can be carried out in the form of manipulating or providing false financial statements. This fraud can be carried out both internally and externally by the company. Based on The Association of Certificated Fraud Examiners (ACFE) entitled *Asia-Pacific Occupational Fraud 2022: A Report to the Nations*, Indonesia is ranked 4th as the country with the highest number of fraud in 2022, with 23 cases recorded. The biggest fraud in Indonesia is corruption with 64%, misuse of government and company resources or assets with 28.9% and accounting fraud with 6.7%.

The case that can be raised in this study is Public Accountant (AP) Drs. Ketut Gunarsa, the leader of colleagues

from the Public Accounting Firm (KAP) K. Gunarsa and I.B Djagera. The Minister of Finance (Mankeu) froze the practice license of public accountants for six months starting from May 23, 2007 through the Decree of the Minister of Finance Number 35/KM.1/2007. The reason for the suspension of this license is that AP violated the Professional Standards of Public Accountants (SPAP) in the conduct of the audit of the financial statements of Bali Hai Resort and Spa for the period 2004. It has a significant impact on the independent auditor's report. During the freezing of the permit, the AP concerned is prohibited from providing attestation services including general audits, reviews, performance audits, and special audits. Based on the phenomena and inconsistencies of the results of previous research, the researcher is interested in conducting a re-study of factors that can affect the auditor's ability to detect fraud, such as Supervision Actions, independence, professional skepticism, and time pressure.

II. GRAND THEORY

Attribution Theory

Attribution theory studies the process of how a person interprets an event, studying how a person interprets the reason or cause of his behavior (Luthans, 1998). This theory was developed by Heider (1958) who argued that a person's behavior is determined by a combination of internal and external forces. Behavior caused by internal forces is believed to come from within the individual himself. Examples of such internal strengths are ability, knowledge, and effort. Meanwhile, behavior that comes from external forces is the result of pressure on certain situations or circumstances that force a person to do certain actions (Elmawati, 2014). External strength factors, namely forces that come from outside, can be in the form of *task difficulty* or luck (Hidayati, 2002).

These two factors play a very important role because the auditor when making a *judgment* will consider many things, not only based on existing findings. In addition to internal factors, auditors also face external factors, namely obedience pressure and task complexity. Auditors face many tasks with different levels of difficulty and pressure for compliance from clients, superiors, and even colleagues when conducting audit *judgments* (Safi'i and Jayanto, 2015).

III. RESEARCH DESIGN

This study uses a descriptive statistical analysis method to describe how Supervisory Action, Independence, Professional Skepticism, Time Pressure on Auditor Fraud Detection in KAP in BALI. The Multiple Linear regression test in this study is to test the influence of the research variables. Sugiyono (2019:126) stated that a population is a general area consisting of objects and subjects that have certain characteristics and characteristics that researchers use to study and make decisions. The population in this study is auditors who work in 19 KAP consisting of 116 auditor members in the Province of Bali.

The data collection method used in this study is by using questionnaire and documentation methods. According to Sugiyono (2019), a questionnaire is a method of collecting data by presenting questions or written information to respondents. The questionnaire in this study was distributed directly to the target respondents in each KAP in Bali Province. A questionnaire was used in this study to measure audit performance, independence, professional doubt, time pressure, and the auditor's ability to detect fraud as dependent variables.

The data analysis in this section is instrumental testing and the tasks performed are validation and reliability tests. Furthermore, it uses the classical assumption test, where the stages are in the form of normality tests, multicholinerity tests, heteroskedasticity tests. After the two stages are met, it is continued with the multiple linear regression test, where there is a r square test, a t test, an F test.

IV. RESULT

Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.924	7.283		-.127	.900
Supervisory Action	.084	.147	.058	.573	.569
Independensi	.237	.116	.215	2.035	.046
Skeptisisme Profesional	.173	.086	.215	2.017	.048
Time budget Pressure	.507	.117	.449	4.346	.000

Supervisory action on fraud detection obtained a positive β_1 regression coefficient of 0.58 and a significance level of 0.569 > 0.05. This means that the Supervisory Action variable has a positive and insignificant effect on the Detection of Fraud in KAP in Bali Province, so H0 is accepted and H1 is rejected.

This means that the higher the Supervisory Action, the higher the Fraud Detection in KAP in Bali Province even though the effect does not have an immediate impact. The results of this study are in line with the attribution theory developed by Heider (1958). Heider revealed that a person's attitude and behavior can be influenced by two things, namely internal forces which can be in the form of attitudes, characters, traits, and abilities, and external forces which can be in the form of situational pressure, pressure at work to luck. In this study, Supervisory Action is an internal factor that can affect Fraud Detection, Supervisory actions carried out by supervisors in a good KAP will tend to be more thorough in monitoring what has been done by their auditors in the field. By meeting the

criteria in the Supervision Act, it is likely to make it easier for auditors to detect fraud. Supervisory Action is an act of supervision carried out by an authority or leadership over the audit process to ensure that the audit is carried out in accordance with applicable professional, ethical, and regulatory standards. This supervisory action is important to maintain the integrity, accuracy, and quality of audit results.

The effect of independence on Fraud Detection was obtained with a regression coefficient of β_2 of the independence variable of positive 0.215 and a significance level of 0.046 < 0.05. It means that the independent variable has a positive effect on fraud detection in KAP in Bali province, so that H0 is rejected and H2 is accepted.

It means that the higher the autonomy, the higher the fraud detection in the KAP. An attitude of independence is a neutral attitude that is not influenced by any party and this attitude is mandatory for every auditor who carries out his duties to audit financial statements (Putri et al., 2020). Based on attribution theory, independence is classified as an internal factor. Independence in an auditor must come from oneself. In carrying out their duties, an auditor must have an attitude of independence and must maintain this attitude. This needs to be done so that the auditor does not take sides with anyone, so that it is able to produce an objective audit opinion. The stronger the attitude of independence in an auditor, the higher his ability to detect fraud (Putri et al., 2020).

The effect of professional skepticism on Cheating Detection, obtained a regression coefficient of β_3 of the professional skepticism variable of 0.251 and a significance level of 0.048 < 0.05. This means that the variable of professional skepticism has a positive effect on the Detection of Fraud in KAP in Bali Province, so that H0 is rejected and H3 is accepted.

This means that the better the professional skepticism, the better the Fraud Detection in KAP in the Province of Bali. In line with attribution theory, professional skepticism is classified as an internal factor. In carrying out their duties, auditors must have a skeptical attitude that always thinks critically and questions audit evidence to obtain reasons that can be used to confirm the object in question. SA 240 (IAPI, 2021), states that professional skepticism is behavior that constantly considers the possibility that management may override control and is aware of the fact that effective audit procedures for detecting errors may not be effective in detecting fraud.

The effect of time budget pressure on Cheating Detection, obtained a regression coefficient of β_4 of the time budget pressure variable of 0.449 and a significance level of 0.000 < 0.05. This means that the variable of time budget pressure has a positive effect on the Detection of Fraud in KAP in Bali Province, so that H0 is rejected and H4 is accepted. This means that the higher the time budget pressure, the higher the Fraud Detection in KAP in the Province of Bali. Based on attribution theory, time budget pressure is classified as an external factor. Where time budget pressure is the period of the audit process given by the client. (Pratiwi, Suryandari, & Susandya, 2019) mentioned that time budget pressure is a period of time given by the client to the auditor to complete his task in conducting financial statement audits. The existence of time budget

pressure will put auditors in a busy phase because auditors must be able to adjust the work that must be completed on time (Elfia & NR, 2022).

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