

CONTRIBUTION OF INVESTIGATIVE AUDIT AND PROFESSIONAL SKEPTICISM TO FRAUD DETECTION IN STATE-OWNED PUBLIC INSURANCE SERVICES COMPANIES IN INDONESIA

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ABSTRACT

The purpose of this study is to investigate how much investigative auditing and professional skepticism contribute to fraud detection in State-Owned Enterprise Insurance Service Companies. The study took a quantitative approach, using a variety of linear regression analytic methods and Classical Assumption Tests to assess the data. The study's analysis was carried out with statistical methods and the Software Statistical Product and Service Solution (SPSS) application version 25. The results showed that investigative audits and professional skepticism had a significant impact on fraud detection. Of the two indications used in fraud detection, investigative audits have the greatest influence on to fraud detection. The results of this paper contribute to the company's management so that internal audit recommendations related to reports of fraud to immediately take action to conduct an investigative audit.

Keywords: *Investigative Audit, Professional Skepticism, and Fraud Detection*

INTRODUCTION

The rapid development of the business world not only has an impact on economic success, including the development of the accounting world, but it also creates opportunities for countless frauds. Fraud is damaging to the accounting profession because it casts doubt on the function and role of accounting in the public mind. Auditors' involvement in identifying fraud remains unsatisfactory, as numerous frauds have complex detection modalities (Aha Azadi Albab Gardida, 2018).

Fraud is one of the most common things destroyed in investigative audits, and the Association of Certified Examiners (ACFE) divides it into three categories: fraudulent reporting, asset theft, and corruption (ACFE, 2014:12). Cheating might be motivated by personal pressure, rationalization, or opportunity. Fraud arises because the functions in the company are not carried out properly, as for the individual fraud factor, namely fraud is carried out if there is an opportunity where someone has access to assets or authority to regulate control procedures that allow fraud schemes to occur, therefore the risk faced by the company is the risk of fraud committed by management or company employees or irregularities, The risk of fraud requires internal audits to compile identification to be able to uncover fraud (Kadek Rai Suwena, 2021).

In identifying fraud schemes, it can be through investigative audits through the help of internal audits, where internal audits work with external parties to conduct investigative audits on evidence of fraud (Tedi Rustendi, 2017). Investigative audit is a form of audit or examination that aims to identify and disclose fraud or crime using approaches, procedures or techniques commonly used in the investigation of a fraud or crime (Herlambang, 2011).

As for the identification of fraud (fraud) the need for an internal audit attitude whose main role is in fraud prevention that seeks to eliminate the causes of fraud (Nurul Alfian, 2016). So it is very necessary to self-awareness from each individual through professional skepticism because auditors must have a critical and meticulous attitude towards the evidence collected to assess the fairness of financial statements, with professional skepticism makes auditors fulfill their professional obligations, provide objective, unusual and unrestricted recommendations, and report problems as they are, not report according to the wishes of executives or institutions (Sawyer., 2005:35). The higher the level of independence, competence and professional skepticism, the better the internal auditor conducts fraud detection within the company, due to the high level of various lines of supervision, such as internal auditors, top management, and interested parties, this is in line with fraud theory in detecting fraud (ACFE, 2019).

Fraud in Indonesia is common in state-owned insurance businesses, and it is carried out by inside company parties. Fraud occurred at PT Asuransi Jiwasraya (Persero). The problem or deception in Jiwasraya has been known for a long time. In 2018, the internal audit team discovered multiple formal confirmations issued by the Jiwasraya investment management team, which published the regulations of Jiwasraya's investment standards. According to Fadian (2020), "Based on the examination, we perceive that the purchase of shares in the secondary market in 2018 for SMRU shares is not in accordance with Jiwasraya's investment requirements, and that fraud occurred. Because investment placement is not done carefully in illiquid firm stocks. Sidik S. (Cnbcindonesia.com, 2020).

Research conducted by Retno Ratu Wiharti, Novita Novita (2020) and Yudhi Prasetyo, Diky Paramitha, Etik Ipda Riyani, Faizul Mubarak (2023) stated that the application of investigative audits has a significant influence on fraud detection. Research conducted by Agung Muhammad Rifki, Pupung Purnamaasari, Nopi Hernawati (2022) and Akbar Malik Muharam, Etna Nur Afri Yuyetta (2022) stated that professional skepticism has a significant positive effect on fraud detection.

Therefore, this study was conducted because it has differences with previous research that was used as a new thing in this study, namely the contribution of investigative audits and professional skepticism towards fraud detection. This study used multiple regression analysis. Furthermore, in providing an overview and testing the acceptance or rejection of hypotheses, using descriptive analysis and verification approaches.

LITERATURE REVIEW

Investigative Audit

Syifa Ulfa Ziah and Cris Kuntadi (2023: 625) revealed that investigative audits are inspection activities with a certain scope, the period is not limited, more specifically in areas of responsibility that allegedly contain efficiency or official indications, with audit results in the form of recommendations for further action depending on the degree of permit irregularities found. Mishola Esnawati and Dona Primasari (2022: 169), stated that an investigative audit is an audit procedure or examination that aims to identify and reveal fraud or crime using approaches, procedures or techniques that are generally used in an investigation or investigation.

Professional Skepticism

Shaub (2020) states professional skepticism as a multidimensional individual characteristic with an attitude that always questions and critically assesses audit evidence. Shahibah et al (2020) explained that professional skepticism is an attitude that is full of questions in the mind (quieting mind), being alert (being alert) in situations that indicate the possibility of misstatement due to error or fraud and critical assessment of evidence.

Fraud Detection

According to Ely Suhayati (2021: 86), fraud detection is the responsibility of both internal and external auditors. They must be proactive when conducting audits, both general and special, in order to identify weaknesses in the internal control system, particularly those related to the protection of assets that are vulnerable to fraud. Surtikanti (2023) discusses fraud detection. The most crucial point to highlight here is how an auditor conducts himself or herself professionally during an audit. To foster public trust in their profession, professionals must manage their workforce in accordance with acceptable ethical standards, upholding previously established mutually beneficial collaboration standards.

METHODOLOGY

This paper is a quantitative study that uses primary data gathered directly from the results of questionnaire distribution and questionnaire responses completed by respondents. This study's population consists of internal auditors from state-owned insurance corporations. The population and sample are same, with up to four offices of state-owned insurance service companies, indicating census sampling. There are two methods for collecting data: field research, which involves distributing questionnaires to internal auditors of state-owned insurance businesses, and library research, which involves getting data from a variety of sources such as journals, books, and the Internet. The data testing method used employs various linear regression data testing methodologies. Classical. The study's analysis was conducted using statistical methods and the Software Statistical Product and Service Solution (SPSS) application version 25. The analysis performed is the Person Correlation Coefficient Test, Hypothesis, and Determination Coefficient Test.

The data used is primary data so that before being given to respondents, it is necessary to test the questionnaire, namely a reliability test and a validity test, to explain the data in the form of a valid and reliable questionnaire.

Validity and Reability Test

The validity test has a minimum requirement to be considered a valid statement item is its validity index value r table ($n = 36$) 0.329.

Table 3.1
Results of the Recapitulation of the Investigative Audits Validity Test (X_1)

Items Question	Validity		
	R calculate	R table	Conclusion
1	0,703	0.329	Valid
2	0,501	0.329	Valid
3	0,486	0.329	Valid
4	0,637	0.329	Valid
5	0,341	0.329	Valid
6	0,704	0.329	Valid
7	0,614	0.329	Valid
8	0,588	0.329	Valid
9	0,630	0.329	Valid
10	0,572	0.329	Valid
11	0,438	0.329	Valid
12	0,659	0.329	Valid

In table 3.1 above, the results of the validity test show that all statements have a critical r value greater than 0.329, then these instruments are declared valid and can be used as a measuring tool in research.

Professional skepticism variable validation test in table 3.2

Table 3.2
Results of the Recapitulation of the Professional Skepticism Validity Test (X_2)

Items Question	Validity		
	R calculate	R table	Conclusion
1	0,381	0.329	Valid
2	0,422	0.329	Valid
3	0,405	0.329	Valid
4	0,583	0.329	Valid
5	0,427	0.329	Valid
6	0,377	0.329	Valid
7	0,415	0.329	Valid
8	0,633	0.329	Valid
9	0,573	0.329	Valid
10	0,399	0.329	Valid
11	0,731	0.329	Valid
12	0,795	0.329	Valid

In table 3.2 above, the results of the validity test show that all statements have a critical r value greater than 0.329, then these instruments are declared valid and can be used as a measuring tool in research.

Fraud Detection variable validation test in table 3.3

Table 3.3

Results of the Recapitulation of The Fraud Detection Validity Test (X_2)

Items Question	Validity		
	R calculate	R table	Conclusion
1	0,632	0.329	Valid
2	0,679	0.329	Valid
3	0,756	0.329	Valid
4	0,586	0.329	Valid
5	0,625	0.329	Valid
6	0,563	0.329	Valid
7	0,559	0.329	Valid
8	0,665	0.329	Valid
9	0,543	0.329	Valid
10	0,651	0.329	Valid

In table 3.3 above, the results of the validity test show that all statements have a critical r value greater than 0.329, then these instruments are declared valid and can be used as a measuring tool in research.

Table 3.4

Results of Recapitulation of Research Questionnaire Reliability Test

Variable	Reliability		
	R Critical	Critical Point	Conclusion
Investigative Audit	0,813	0,700	Reliabel
Professional Skepticism	0,758	0,700	Reliabel
Fraud Detection	0,817	0,700	Reliabel

The dependability value for each variable shown in table 3.4 above is greater than 0.70. This result demonstrates that the measuring instrument utilized is reliable, as are the responses provided by respondents to the statements offered as references for this study.

Based on management's results utilizing SPSS 25 software, the coefficient of determination of Investigative Audit and Professional Skepticism against Fraud Detection is as follows.

The dermination coefficient is a test tool for determining how well independent components can explain their dependent variables; the greater the R^2 value in a regression, or the closer it is to one, the better the regression outcomes. Based on management's findings using SPSS 25 software, the coefficient of determination for Investigative Audit and Professional Skepticism regarding Fraud Deficiency is as follows.

Table 3.5
Audit Determination Coefficient Test Results of Investigations into Fraud Detection

Hasil Uji Koefisien Determasi				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.785 ^a	.616	.605	3.946

a. Predictors: (Constant), Investigative Audit

The calculation results for the determination value of the Investigative Audit contribution on Fraud Detection were obtained in multiple regression analysis obtained a determination coefficient with an Adjusted R Square of 0.605. This means that 60.5% of fraud detection contributions can be explained by investigative audit, while the remaining 39.5% is explained by other factors outside the model studied.

Table 3.6
Determination Coefficient Test Results of Professional Skepticism

Hasil Uji Koefisien Determinasi				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.701 ^a	.491	.476	4.544

a. Predictors: (Constant), Professional Skepticism

The calculation results for the magnitude of professional skepticism's contribution to fraud detection were obtained in multiple regression analysis obtained a determination coefficient with an Adjusted R Square of 0.476. This means that 47.6% of fraud detection contributions can be explained by professional skepticism, while the remaining 52.4% is explained by factors other than the model studied.

DISCUSSION

The Contribution of Investigative Audits to Fraud Prevention

Hypothesis testing results reject H₀, demonstrating that investigative audits aid in the prevention of fraud. Investigative audits contributed 60.5% to fraud detection, with the remaining 39.5% influenced by criteria unrelated to this study, such as experience, education, and others. The contributions of investigative audits and fraud detectors are inextricably linked, which implies that when an investigative audit is conducted, fraud can be found and exposed.

Tunakotta (2012) describes investigative audits as coercive tactics used to address fraud. The repressive strategy that must be implemented concentrates on administering legal punishment to individuals involved in fraudulent crimes in a timely and precise manner. Nasha Ihulhaq, Edi Sukarmanto, and Pupung Purnamasari (2019) define an investigative audit as an examination activity with a specific scope, no time limit, and a greater emphasis on areas of responsibility suspected of containing inefficiencies or indications of authority, with audit results in the form of recommendations to conduct investigative audits. According to Roza Mulyadi and Muhammad Nawawi (2020), investigative audits help to detect fraud in the BPK Banten province. Dinda Larasati et al.

The Contribution of Professional Skepticism to Fraud Prevention

Hypothesis testing results reject H_0 , indicating that professional skepticism has contributed to fraud detection. Professional skepticism contributed 47.6% to fraud detection, while the remaining 52.2% was impacted by characteristics not investigated in this study, such as internal control systems and competence. Skepticism and fraud detection have a significant association, which means that when auditors apply professional skepticism, fraud can be recognized and revealed.

Cris Kuntadi et al. (2023) define auditors' professional skepticism as comments that reflect auditors' assessments of critical attitudes while responding to actual audit findings and anomalies. Meanwhile, according to Eko Ferry, Anggriawan (2014) demonstrates that auditors must use professional skepticism when evaluating audit data. Skepticism is a critical attitude toward examining the reliability of claims or evidence gathered, so that while conducting an audit, an auditor has a high level of confidence in an assertion or evidence obtained while simultaneously considering the evidence's adequacy and applicability. Cris Kuntadi, Tania Eliabeth Limbong (2022) and Aulia Dewi Gizta, Rita Anugerah, Andreas (2019) reported that professional

CONCLUSION AND RECOMMENDATION

This study highlights the factors that influence fraud detection. An investigative audit and professional skepticism about fraud detection in state-owned insurance businesses, However, the study's findings demonstrate that investigative audits are more effective than internal auditors' professional skepticism in detecting fraud, implying that auditors can reveal fraud quickly after conducting an investigation audit. Internal auditors can detect fraud because they exercise professional skepticism when carrying out their job. Auditors' professional skepticism about whether a case is fraudulent is based on its materiality. As a result, businesses' procedures to proving materiality are uniform when evaluating corporate asset misrepresentation. So internal audits do investigative audits.

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