

The Impact of Auditors' Professional Skepticism on Fraud Detection in an Emerging Economy

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ABSTRACT

Purpose: Corporate fraud is a significant issue that receives growing attention from auditors, regulators and the public. Fraud has been highlighted as a global issue since no country or institution can withstand it. Fraud has many aspects and it can manifest in various ways. However, whatever the type or nature of fraud, its impacts are always negative. As a consequence, it is fundamental that the auditing profession develop robust measures to detect fraud effectively. One way that can be used to enhance auditor's ability to detect fraud is through high application of professional scepticism. Hence, in light of this, the study attempts to look into the essential factors that will drive high professional scepticism and to evaluate which determinant will be the most important to help auditors detect fraud.

Methodology: To achieve the research objectives, data was collected from a sample of 122 auditors via a survey questionnaire. The survey was a cross-sectional one and therefore all the study's variables were measured at once. The questionnaire consisted of all compulsory questions which were set in a simple and direct way to facilitate the understanding of respondents. Both nominal and ordinal questions types were inserted in the questionnaire. Additionally, structured questions were designed to help participants answer the survey.

Findings: Based on the regression analysis carried out, the study results demonstrate that questioning mind, knowledge of red flags and training are significant predictors of auditor's ability to detect fraud, with questioning mind being the most significant variable, while self-confidence turn out to be unsuccessful in contributing towards enhancing the auditor's fraud detection skill.

Originality and Contribution: This research is a replication of previous research conducted by Hurtt (2013), Nasution and Fitriany (2012) and Fullerton and Durtschi (2004) but examined in the context of Mauritius. According to the best of my knowledge, no similar empirical studies have investigated the determinants that would improve auditor's ability to detect fraud in the Mauritian context. Hence, this paper seeks to fill this gap by providing empirical results and adding to literature. The findings from the study will evaluate which factors have the greatest impact on the auditor's fraud detection ability from the perspective of auditors situated in Mauritius.

Keywords: Professional skepticism, fraud, auditors,

I. INTRODUCTION

In accordance to IFAC, ISA No. 240 defines fraud as "an intentional act by one or more individuals among management charged with the governance of the company, employees or third party involving the use of deception to obtain unjust or illegal advantage" (IFAC, 2009). In other words, it refers to a planned process or deliberate action made by a person or group who intends to cheat another individual or firm to obtain improper gains. It is an opportunistic virus that emerges when greed collides with the possibility of deception and subsequently impacts negatively on the economy, organisations and individuals.

Hence, the auditing profession is undoubtedly essential. The audit profession is fundamental because auditors provide reasonable assurance and credibility to users of financial statements (Arens and Leobbecke, 2000). Numerous external and internal stakeholders utilise the information contained in financial statements in order to make better-informed decisions. As such, financial statements need to be true and objective and must display the real picture of the company's financial position and earning power. However, there exist several manipulations in practice and distortion in the quality of financial statements is not uncommon. For the purpose of strengthening public trust and investor's confidence

in the quality of financial statements, it is indispensable that those statements are reviewed by independent, credible external persons. That's exactly the role of auditors. As a consequence, auditors, who serve as first respondents to the occurrence of any fraudulent activity, are increasingly being asked to play a crucial role in helping corporations detect fraud.

ISA 240 states that an audit should be planned and carried out with a high level of professional skepticism that uncovers the risk of misstatement in financial statements (MIA, 2009). SAS No. 99 further mentions the following statement "Because of the characteristics of fraud, the auditor's exercise of professional skepticism is important when considering the risk of material misstatement due to fraud. The auditor should conduct the engagement with a mindset that recognises the possibility that a material misstatement due to fraud could be present, regardless of any past experience with the entity and regardless of the auditor's belief about management's honesty and integrity".

II. RESEARCH OBJECTIVES

Fraud is the worst enemy to the financial structure of any economy. Fraud detection is difficult because fraud is often a moving target and has a hidden nature. It has many guises and perpetrators will do their utmost best to disguise fraud. As a consequence, for auditors need to demonstrate a high level of professional skepticism in order to enhance their fraud detection ability.

The main objective of the research is to investigate the main factors that would drive higher professional skepticism to improve the abilities of an auditor in detecting fraud.

In order to achieve this main objective, the sub objectives of this study are formulated as follows:

- (1) To identify the factors that impact on the auditor's ability to detect fraud
- (2) To evaluate which factor has the greatest impact on the auditor's ability to detect fraud

Based on the above, the current paper attempts to answer the following research questions:

1. What are the main factors that increase the auditor's ability to detect fraud?
2. Which factor has the greatest influence on the auditor's ability to detect fraud?

III. LITERATURE REVIEW

Professional Skepticism

Since long, professional skepticism has been a fundamental concept in the profession of public accounting. The cornerstone of the auditing profession is the professional skepticism of an individual auditor. In fact, the auditing profession has emphasized on the value of professional skepticism ever since the earliest professional standards were codified up until the present. SAS No.1 "Codification of Auditing Standards and Procedures" specifies that professional skepticism is a required element of due professional care and the auditor should exercise professional skepticism during the conduct of an audit. According to SAS No.1, professional skepticism means "an attitude that includes a questioning mind and a critical assessment of audit evidence". More generally, SAS No.109 emphasizes that "the auditor should prepare and undertake the audit with an attitude of professional skepticism".

Similarly, ISA 200 stated that an audit should be designed and carried out with professional skepticism that uncovers the likelihood of financial statement misrepresentation (Malaysian Institute of Accountants, 2009). Having an attitude of professional skepticism means that the auditor will not immediately believe and accept the explanations provided by his client. That does not imply that the auditor has absolute no trust on his client. It does not represent a state of distrust, but rather, it is a necessity for the investigation (Kenyon and Tilton, 2006). It means that the auditor must neither assume that management is dishonest nor must he assume unquestioned honesty (AICPA, 2002). Also, the auditor should never be satisfied with less-than-persuasive evidence due to his belief in the honesty of management.

By considering the explanation above, it can be deduced that professional skepticism is a core element in the enhancement of an auditor's ability to detect fraud. As such, the next sections of the literature review aim at analyzing the main drivers that fuel high professional skepticism and their impact on fraud detection ability of auditors.

Undoubtedly, one fundamental driver of professional skepticism is questioning mindset. According to auditing standards namely SAS Nos. 82 and 99, the definition of Professional Skepticism contain a questioning mind. Both SAS No. 99 and SAS No. 82 infer that professional scepticism is an attitude that "includes a questioning mind" which always questions things and a mindset which critically tests evidence. In particular, SAS 99 raised the focus on the aspect of professional scepticism relative to past standards by stating that "professional skepticism necessitates an ongoing questioning of whether the acquired information and evidence indicates the occurrence of a material misstatement due to fraud" (AICPA 2002).

Skepticism is equated with mistrust, disbelief, suspicion or doubt in various accounting studies, all of which share this questioning framework. A tendency towards inquiry as a key component of scepticism is discussed extensively in the philosophy literature. According to Stough (1969), the word "skeptical" comes from a term that means "to observe closely", "to examine" and "to consider". In the words of Fogelin (1994), a philosophical skeptic is someone who "calls things into question". Similarly, Hurtt, Eining, and Plumlee (HEP) (2003) provide a theoretical model of professional skepticism based on both the philosophy of skepticism and professional accounting literature. They model professional skepticism as a multi-dimensional construct with six characteristics. One of the six characteristics of high professional skepticism consists of "a questioning mind" and deals with examining evidence. HEP emphasizes on this aspect because they define skeptics as those who do not accept information and situations at face value; rather they initiate inquiries to obtain reasons, evidence, justification, or proof about the subjects in question.

Based on the description above, the first hypothesis developed in this study is as follows: **H1: The higher the level of the auditor's questioning mind, the greater the auditor's ability to detect fraud.**

Skepticism also necessitates a certain level of self-esteem, also called self-confidence. Self-confidence is a major driver of professional skepticism. Hookway (1990) acknowledges the requirement of self-esteem for a successful inquiry and Lom (2001) explains this requirement in terms of inner tranquility and a lack of disruption or unrest. Self-esteem is defined in psychology research as a person's perception of their own value and confidence in their own capabilities. In brief, it is characterised by the feeling of self-worth. Boush *et al.* (1994) claim that people with low self-esteem lack the self-assurance to trust their own judgements and indicate that self-esteem is necessary to resist persuasive arguments rather than just accepting what is said or presented by others. In the same vein, persuasibility was found to be adversely correlated with self-esteem by McGuire (1968).

A person with high self-esteem is good at resisting persuasion attempts and is able to contest the assumptions held or conclusions drawn by others. This often requires face-to-face interactions and willingness on behalf of the skeptic to explicitly recognize and appreciate explanations that are not provided by the evidence giver. Skepticism appears to require a certain amount of self-confidence in order to take the necessary steps to collect sufficient appropriate evidence to allay doubts or to respond to inquiries which arose during the audit. Philosophers perceive skeptics as people who withhold judgment until they are personally persuaded and satisfied that the evidence which they have gathered is sufficient (Bunge, 1991). The skeptic detects contradictions and fallacies in evidence provided or claims made by others (Kurtz, 1992) and thereby seeks for additional proof by undertaking additional investigation until he or she is personally convinced (Bunge, 1991).

Based on the description above, the second hypothesis developed in this study is as follows: **H2: The higher the self-confidence of the auditor, the greater the auditor's ability to detect fraud.**

Knowledge of red flags is another prominent component that drives professional skepticism. In an attempt to avoid any kind of audit failure, auditors must conduct the audit with an attitude of professional skepticism. In describing the connection between professional skepticism and red flags, Tuanakotta (2011) notes that a lack of professional skepticism makes auditors less sensitive to fraud—either actual or potential—or to red flags that point to both fraud and

errors (accounting errors). As a result, auditors must have a thorough awareness of the signs of fraud in order to prevent and detect situations that could potentially lead to fraud using a variety of techniques. Knowledge of red flags is considered an important and effective factor for detecting fraud. If auditors are aware of fraud red flags, it will be easier for them to concentrate their checks on fraud risk assessments (Tedjasukma, 2012).

Red flag is a term that has been extensively in several audit literatures. Red flags can be defined as unusual (strange or distinctive) situations that deviate from normal activity. According to Price Waterhouse (1985), red flags may be described as “potential symptoms that exist within the corporate environment of an entity which would suggest a higher risk of deliberate misstatement of the financial statements”. SAS No. 99 and ISA Article 240 are among the most important international accounting institutions that use red flags in their regulations as they have signs about fraudulent activities (Lundstrom, 2009) and they classify the red flags into three categories based on the fraud-triangle concept which are: Opportunity, Pressure, and Rationalisation.

‘Opportunity Red Flags’ are situations that are ideal for people to commit fraud more easily due to ineffective internal controls, inadequate supervision or managers overriding internal controls. Pressure Red Flags are circumstances where people have a financial incentive to commit fraud such as falsely overstating sales or profits to receive their bonuses or exerting pressure on managers to reduce actual expenses to be under budgeted costs. Pressure or Incentive Red flags relate mostly to accounting red flags, also called financial statement red flags. ‘Rationalisation Red Flags’ are situations where people have certain traits and abilities to commit fraud and justify it with false reasons which they believe are true.

Based on the foregoing description of red flags, the third hypothesis is formulated as follows: **H3: The better the auditor’s awareness of Red flags, the greater the auditor’s ability to detect fraud.**

Another important factor that can improve an auditor’s ability to detect fraud is namely training. The Indonesian Dictionary (1990) defines training as a process of learning and being accustomed to being able to perform something. An auditor must possess adequate knowledge to be able to perform his duties. The addition of formal training will result in greater knowledge. The subject of fraud audit training encompasses the type of training which explains in depth how an auditor may detect fraud through the use of several types of evidence, such as a testimony statement, a report author, and of course, an auditor who is very helpful in spotting, revealing and stopping fraud. The auditor needs to receive sufficient and appropriate training in order to meet the standards for a professional. Various forms of training and continuous professional education include participating in events like seminars, symposia, training workshops or programs, conferences, research projects being substantial in the area of supervision and other activities that encourage the development of skills (SAIPI, 2014).

Fullerton and Durtschi (2004) found that if auditors attend training on fraud detection more often then auditor scepticism will increase, so that if auditors are more sceptical then auditors will further improve their ability to detect fraud. Auditors who often attend training will always question and conduct evaluations critically based on the insights and understanding gained from the training. Similarly, research result of Carpenter *et al.* (2011) states that intensive training will have a positive effect on the increasing attitude of professional scepticism that is very influential on the success in detecting fraud. In the same vein, research conducted by Novita (2015) states that the training positively affects the auditor's ability to detect fraud. Furthermore, the results of the study from Rahayu (2016), showed that fraud audit training had a positive effect on the auditor's ability to detect fraud in the scope of the Representative Office of West Kalimantan Province BPKP.

According to above description, the fourth research hypothesis is formulated as follows: **H4: The greater the audit training, the greater the auditor’s ability to detect fraud**

IV. METHODOLOGY

In order to achieve the research objectives, primary data has been collected through a self-administered survey questionnaire similar to Fullerton and Durtschi (2004) whereby Hurtt Professional Skepticism Scale (2003) was mainly

used. Considering the quantitative nature of this research, a questionnaire has proved useful for the study and the data that has been gathered is of utmost suitability for the study.

The questionnaire consisted of all compulsory questions which were set in a simple and direct way to facilitate the understanding of respondents. Both nominal and ordinal questions types were inserted in the questionnaire. Additionally, structured questions were designed to help participants answer the survey. Structured questions are defined as close-ended questions whereby respondents need to choose the answer from a given predefined list of answers.

The survey was a cross-sectional one and therefore all the study's variables were measured at once. The questionnaires were personally disseminated to the audit firms. They were handed over the reception to be distributed to the specific departments. A deadline was also set up to make sure that all questionnaires were compiled.

V. RESULTS

Using the SPSS Software, Cronbach Alpha coefficients have been calculated for the key variables utilized in the study to emphasize on their degree of internal reliability. A Cronbach Alpha coefficient ranging between 0.70 and 0.95 denotes a high level of reliability of the data gathered (Bland J. and Altman D., 1997). Table 1 below illustrates all of the internal reliabilities, which have been measured by Cronbach Alpha, of each variable used in the study.

Variable	Cronbach Alpha
Auditor's Fraud Detection Ability	0.925
Questioning Mind	0.948
Self-Confidence	0.966
Knowledge of Red Flags	0.987
Training	0.943

Δ Table 1: Cronbach of all variables

Overall, it can be noted that all composite variables have high internal reliabilities. In other words, the statements englobed in each section of the questionnaire are very reliable since the Cronbach Alpha figure for each composite variable is above 0.70. Thus, this demonstrates that the statements under each section consistently measure the variables.

Descriptive Analysis

Further analysis shows mean values for each statement under each section of the questionnaire. With regards to Section B which consists of the dependent variable, Auditor's ability to detect fraud, all the six elements obtain a mean value closer to 4 (=Agree), indicating that auditors have the capacity to detect fraudulent practices.

Statements under Section C of the questionnaire which concern the measurement of the independent variable Questioning mind achieved mean values ranging from 3.99 to 4.18. This implies that an average number of auditors agree on the fact that they are highly skeptical by possessing a questioning mindset.

The mean scores for the seven statements under Section D of the questionnaire, which comprises of the construct Self-Confidence, display figures between 4.17 and 4.24. Since the mean values of those statements are all around 4 (=Agree), it implies that on average, the auditors are in agreement that they own high self-esteem and self-assurance. They feel sure of themselves and can defend their opinions and perspectives.

Section E of the questionnaire has been subdivided with subsections namely Opportunity Red Flags, Rationalisation Red Flags and Incentive Red Flags. As a whole, there are 27 statements under Section E. The overall mean results for the element Knowledge of Red Flags range from 4.14 to 4.30. These mean values infer that on average auditors agree to the fact that red flags classified under the 3 categories of fraud triangle concept (Incentive, Opportunity,

Rationalisation) are effective fraud indicators that signal the potential or actual existence of fraud in a corporate setting.

Section F is the last section of the questionnaire and it measures the independent variable Training. The mean values produced by the Training dimension ranges from 4.01 to 4.17. These mean scores, closer to 4=Agree reveal that auditors agree to the fact that training is crucial to develop their abilities in various fields of expertise.

Regression Analysis

The regression analysis aims to evaluate how good the constructed model is by assessing the impact on auditor’s fraud detection ability whereby all the 4 drivers that fuel professional skepticism has been taken together. The association between the dependent variable, that is auditor’s fraud detection ability, and the independent variables, consisting of Questioning Mind, Self-Confidence, Knowledge of Red Flags and Training can be depicted in Tables 2, 3 and 4.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.508 ^a	.259	.233	.38963	1.993

a. Predictors: (Constant), Training, AllRedFlags, SelfConfidence, QuestioningMind
 b. Dependent Variable: FraudDetectionAbility

Δ Table 2: Model Summary

As shown in table 2, the correlation between the dependent and independent variables of the model is depicted by the R value of 0.508 and from the R Square value, it can be deduced that the independent variables explain a 25.9% variation in auditor’s ability in detecting fraud. Undoubtedly, this indicates the existence of a causal relationship between Questioning Mind, Self-Confidence, Knowledge of Red Flags, Training and Auditor’s ability to detect fraud.

The Durbin Watson value has also been calculated and is 1.993. This figure lies within the range of 1.50 and 2.50, thus highlighting the absence of auto correlation between the independent variables. A p value of less than or equal to 0.05 denotes the existence of a statistically significant relationship between the dependent and independent composite variables, while if the p value is greater than 0.05, then according to Saunders *et al.* (2009), this implies a statistically insignificant relationship, thus inferring that the dependent variable is less likely to be influenced by the independent variable. In our given context, the significance level, that is the p value, is 0.000, as illustrated in table 3. Since the p value is less than 0.05, the causal association between auditor’s ability to detect fraud and the independent variables is implied to be significant.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.193	4	1.548	10.199	.000 ^b
	Residual	17.762	117	.152		
	Total	23.955	121			

a. Dependent Variable: FraudDetectionAbility
 b. Predictors: (Constant), Training, AllRedFlags, SelfConfidence, QuestioningMind

Δ Table 3: ANOVA

Table4 below illustrates the unstandardized β coefficients of each independent variable and the y-intercept which will be used to construct the regression equation. The significance level of each dimension is also given which enables the evaluation of those variables which are significant (given $p \leq 0.05$).

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.790	.531		1.488	.139		
	QuestioningMind	.378	.109	.296	3.480	.001	.877	1.141
	SelfConfidence	.083	.077	.088	1.073	.286	.933	1.071
	AllRedFlags	.177	.054	.268	3.301	.001	.962	1.039
	Training	.140	.072	.166	1.938	.055	.859	1.164

a. Dependent Variable: FraudDetectionAbility

Δ Table 4: Coefficients

Furthermore, the information in Table 4 shows independent variables that are significantly affecting auditor’s ability to detect fraud. A significance level which is less than or equal to 0.05 denotes that the determinant is significant while a p value which is greater than 0.05 implies that the factor is insignificant. Therefore, it can be observed that, among the independent variables, Self-confidence represents the sole variable having a significance level higher than 0.05 with a value of 0.286, which subsequently makes it an insignificant element in determining the auditor’s ability to detect fraud. Hence, any small or big changes in Self-Confidence will not have any effect on the fraud detection ability of auditors.

Apart from Self-confidence, the other 3 independent elements namely Questioning Mind, Knowledge of Red Flags and Training are all significant in the model with a p value of less or equal than 0.05 ($p \leq 0.05$). It is noteworthy that the component Questioning mind represents the most significant factor with a standardized Beta value of 0.296. Thus, it can be deduced that Questioning mind, Knowledge of Red Flags and Training do affect the auditor’s ability in detecting fraud. This implies that changes in these 3 factors are likely to lead to changes in the auditor’s ability to detect fraud.

As a result, the dependent variable and the significant independent variables can be grouped in a regression equation as follows:

$$\hat{Y} = \alpha + \beta_1 (QM) + \beta_2 (KRF) + \beta_3 (T)$$

Where,

- \hat{Y} stands for an estimate of Auditor’s ability to detect fraud ; the dependent variable $[\hat{Y}]_{[SEP]}$
- α represents the y – intercept $[\alpha]_{[SEP]}$
- β corresponds to the unstandardized coefficient of each respective independent variable $[\beta]_{[SEP]}$
- QM represents Questioning Mind
- KRF stands for Knowledge of Red Flags
- T denotes Training

Referring to data from Table 4, the regression model equation can be computed as follows:

$$\hat{Y} = 0.790 + 0.378 (QM) + 0.177 (KRF) + 0.140 (T)$$

The above regression framework shows that for each unitary change in the independent variables, the auditor's ability to detect fraud will change by the β value. For example, assuming all other variables remain constant, for each unit change in Questioning Mind (QM), the auditor's fraud detection ability (\hat{Y}) will alter by 0.378 units.

As observed from Table 14, Questioning mind represents the highest significant variable with a standardised beta value of 0.296. This implies that it contributes the most to enhancing the auditor's ability to detect fraud. In particular, SAS 99 raised the focus on the aspect of professional scepticism relative to past standards by stating that "professional skepticism necessitates an ongoing questioning of whether the acquired information and evidence indicates the occurrence of a material misstatement due to fraud" (AICPA, 2002). Thus, the current finding converges with the statement put forward in auditing standard of SAS No. 99. Additionally, the study of Fullerton and Durtschi (2004), as cited in Hurtt (2003) supports the current finding as they stated that the higher the questioning mind of the auditor, the more likely they are going to seek out those kind of evidence that will eventually lead to fraud discovery. They found that a high questioning mind would fuel high level of professional scepticism which would in turn enhance the auditor's fraud detection ability.

As illustrated in Table 4, having a significance level of 0.001 ($p \leq 0.01$), the independent variable Knowledge of Red Flags is also found to be important in improving auditor's ability to detect fraud. In fact, as per Table 14, the second highest significant independent variable is deemed to be knowledge of red flags with $\beta = 0.268$. According to Price Waterhouse (1985), red flags can be defined as potential symptoms existing within the business environment of an organization that would suggest a higher risk of an intentional misstatement in financial statements. In describing the relationship between professional skepticism and red flags, Tuanakotta (2011) notes that a lack of professional skepticism makes auditors less sensitive to fraud—either real or potential—or to red flags that point to both fraud and accounting errors. As shown in the regression model equation, any unitary change in the knowledge of red flags will lead to a 0.177 change in fraud detection ability of auditors. This is similar to the research from Sandi (2015) and Arsendy (2017) who found that there is a significant positive relationship between red flags and the auditor's ability to detect fraud. Strange and unusual circumstances, according to Arsendy (2017), will be acting as the auditor's instructions to carry out additional investigations to identify fraud that has occurred (Arsendy, 2017).

According to Table 4, we find that training is important in increasing the auditor's ability to detect fraud, by having a significance level of 0.055 ($p \leq 0.05$), despite the fact that it represents the least significant independent variable. The beta value for training is 0.140 implying that any unitary percentage change in training will result in a change of 0.140 in the auditor's ability to detect fraud. Results from the regression model are in line with the findings of Noviyani and Bandi's study (2002) which point out the necessity of training to enhance the auditor's capability to spot fraud. Additionally, research conducted by Fullerton and Durtschi (2004) buttresses the current findings. According to Fullerton and Durtschi (2004), auditors' professional skepticism will rise if they attend training sessions on fraud detection more frequently which will, in turn, make them more skeptical and thus more adept at identifying fraud. Similarly, our current study is supported by the research findings of Carpenter et al. (2011) who found that intensive training will have a favorable impact on the improvement of a professional skepticism attitude, which has a significant positive impact on the success of fraud detection.

VI. CONCLUSIONS

The overall findings of the current research satisfy the research objectives since there exists a causal relationship between the independent variables namely Questioning mind, Self-confidence, Knowledge of Red Flags, Training and the dependent variable which is Auditor's ability to detect fraud.

Based on the results of testing the hypothesis of this study, it has been found that there is a significant relationship between the ability of the auditor to detect fraud and the different drivers of the concept of professional scepticism namely, questioning mind, knowledge of red flags and training except for self-confidence which does not significantly influence the changes in the abilities of an auditor in fraud detection. Self-confidence has no significant effect on the auditors for their fraud detection ability.

In a nutshell, it can be deduced that among 4 independent variables assessed, the factor which has the greatest impact on enhancing the fraud detection capability of the auditor is Questioning mind. Auditors who had higher scepticism reported a strong desire for seeking out significantly more information in form of evidence rather than just accepting things at face value, eventually leading to an increase in fraud detection. On a concluding note, the element Questioning mind is deemed to be the most critical factor that drives high and healthy level of professional skepticism which leads to the improvement of fraud detection capabilities of the auditor.

VII. RECOMMENDATIONS

In order to better protect the public from fraud and to maintain the credibility of the audit profession, accounting researchers must continue to explore ways that can help improve auditors' abilities to detect and to limit fraud. Also, it is important for the auditing profession to continue the pursuit of finding ways to incorporate forensic training and procedures into a financial statement audit (ordinary audit) as a means to improve auditors' fraud detection performances. With such training, auditors' propensities to correctly identify and investigate fraud-related red flags should increase, resulting in a greater probability that more fraud will be detected by both internal and external auditors (Lawrence, 2013). Typical audit firms provide little to no forensic training on how to uncover fraud in a financial statement audit. It is of paramount importance to train financial statement auditors in the area of forensic accounting and fraud auditing. The experts agreed that without proper and adequate forensic training, it would be difficult, if not impossible, for auditors to uncover fraud in a financial statement audit. This is because, without sufficient and appropriate forensic training, expecting financial statement auditors to detect fraud is similar to pouring new wine into old bottles (Lawrence, 2013).

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