



## The Influence of Forensic Audits, Internal Audits, Information Technology, Auditor Attitudes and Professional Skepticism on Fraud Disclosure

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**Abstract.** This article examines the influence of Forensic Audit, Internal Audit, Information Technology, Auditor Attitude, and professional skepticism on Fraud Disclosure. The goal is to make a hypothesis about the influence of each variable that will be used in future research. The results of this article are: Forensic Accounting, Internal Audit, Information Technology, Auditor Attitude, and professional skepticism affect Fraud Disclosure.

**Keywords** Forensic, Accounting, Internal, Audit, Technology.

### 1. INTRODUCTION

Fraud is rampant in the public and private sectors. Fraud is a form of illegal action in obtaining a profit that harms others for personal gain. Fraudsters have various motives in committing these fraudulent acts. The fraud triangle theory was first proposed by Cressey (1950). Cressey said there are 3 factors, namely: 1) Pressure, which is related to a person's intention or encouragement to commit fraud; 2) Opportunity, which is a condition where it exposes space for management or employees to carry out fraud; 3) Justification (rationalization), where the perpetrator justifies the illegal act he has committed and considers that the act is not wrong. The local government will be able to suppress or minimize its various acts of fraud by doing its prevention, early detection, and enforcement of the practice of fraud that occurs through its role and the performance of its institution which has the authority to carry out financial supervision for the central government and the regional government (Wuysang et al.). al., 2016).

A Forensic Audit is an audit from a combination of expertise that includes auditing, accounting expertise, and the field of law/legislation with the hope that the results of the audit can be used to support legal proceedings in court. Forensic audit focuses more on the process of finding evidence and evaluating the audit findings with the required evidentiary standards and is a development of the implementation of standard audit methods towards collecting evidence for the benefit of trials in court (Lidyah, 2016).

Internal Audit has an important role in detecting fraud and investigating allegations of fraud in the company. With the expertise possessed by internal audit, it is hoped that it can increase the effectiveness of the internal audit process in the company, where the results can show that the company's operations are running as they should. If there are signs of fraud, it will be detected faster by internal audit because they already have adequate expertise in the financial sector (Utami, 2019).

Information technology has a role More than just triggering change, technology is a strategic tool that helps companies achieve their goals. This strategy relies on information technology (IT) because it expands the data landscape and allows management to make good use of it. A robust information infrastructure, these IT systems collect, store, analyze, and display data. Ultimately, it improves the company's ability to make decisions. (Paranoan Natalia, Tandirerung, 2019)

Auditor's Attitude An auditor in carrying out audit assignments in the field should not only follow the audit procedures stated in the audit program, but must also be accompanied by his professional skepticism. The public accountant professional standard defines professional skepticism as the attitude of the auditor which includes a mind that always questions and critically evaluates audit evidence (IAI 2001, SA section 230.06).

Skepticism is an attitude that is always suspicious of what it observes so that it will bring or raise many questions that then lead to the discovery of an answer. The skepticism of professional auditors can be measured by statements that describe the level of auditor's perception of critical attitudes in responding to valid audit evidence or contradictions. In research conducted by (Dasila & Hajering, 2019), (Arwinda Sari et al., 2018), (Adnyani et al., 2014) stated that professional skepticism has an effect on fraud disclosure.

### **Problem Formulation**

Based on the background, it can be formulated that the problems will be discussed to build a hypothesis for further research, namely:

1. Does Forensic Audit affect fraud disclosure?
2. Does Internal Audit affect fraud disclosure?
3. Does Information Technology affect fraud disclosure

4. Does the auditor's attitude affect fraud disclosure?
5. Does Professional Skepticism affect fraud disclosure?

## **2. THEORETICAL FOUNDATIONS**

### **Fraud Disclosure (Y)**

Fraud disclosure is an investigative technique used by forensic and investigative auditors to obtain acts of abuse that are done deliberately and illegally in order to gain a personal advantage by trying to deceive others (Kristanti & Kuntadi, 2022).

Fraud or often referred to as fraud is something that is currently being debated a lot in Indonesia. The definition of fraud or fraud itself is an act that violates rules or procedures that deliberately manipulate or exploit to obtain a personal or organizational advantage so as to cause losses to other parties. (Sari & Husadha, 2020).

Cheating occurs due to circumstances or conditions and opportunities or opportunities that encourage someone to commit fraud. These various conditions and methods must be prevented so that they do not occur or at least can be reduced. (Andari & Ismatullah, 2019).

(Karyono 2013:1) defines cheating as any activity intended to benefit one party by using an unfair opportunity to harm the other party. Another definition of fraud, according to the Institute of Internal Auditors (IIA), is the unlawful act of deliberately deceiving people inside or outside the company for the benefit of a particular party.

### **Forensic Audit (X1)**

According to Amrizal (2013), forensic audit is the science of collecting and presenting information in a form and format that can be accepted by the state of law in court in fighting economic crime perpetrators. According to the Canadian Standard Practices for investigative and forensic accounting (IFA), as well as from the practices carried out by Forensic Accounting in Indonesia in Soepardi (2009), there are generally three benefits to the activities of a forensic auditor, namely 1) Support for management, 2) Support in the legal process, 3) Expert testimony. Amrizal (2013) stated that in Shodiq et al. (2013) there are indicators in forensic audits, namely:

1. Forensic audit in preventing fraud definition and its implementation.
2. The level of materiality of forensic audits
3. Duties of a forensic auditor
4. Responsibilities of forensic auditors
5. Specification of the required expertise of the forensic auditor
6. Independence and objectivity
7. Forensic audit evidence

### **Internal Audit (X2)**

Internal audits are carried out by professional people who have an understanding of the culture, work, systems, and operational activities of an entity. Internal audit activities provide assurance that the internal controls carried out by the company are sufficient to minimize the occurrence of risks, and ensure that the company's operational activities have run effectively and efficiently, as well as ensure that the organization's goals and objectives are achieved (Hery, 2018: 7-8).

According to Sawyer (2005; 10) The definition of internal control in general is a systematic and objective assessment conducted by internal auditors of different operations and controls within an organization to determine whether (1) financial and operational information is accurate and reliable; (2) the risks faced by the company have been identified and minimized; (3) external regulations and acceptable internal policies and procedures have been followed; (4) satisfactory operation criteria have been met; (5) resources have been used efficiently and economically; and (6) the organization's objectives have been effectively achieved—all done with the aim of consulting with management and helping the members of the organization carry out their responsibilities effectively. This internal control is preventive (to prevent unwanted things from happening), detective (to detect and correct unwanted things that have happened), and directive (to cause and direct the occurrence of unwanted things).

### **Information Technology (X3)**

Information technology (IT) has evolved to become a very important asset in the modern business landscape. By using its strategic applications, organizations can achieve long-term goals and optimize their daily operations. IT knowledge is not just technical knowledge but the power of strategy, which continues to advance making utilizing electronic devices such as computers for data processing have brought many benefits. Information systems, which are essentially computer-based systems intended for data processing, play a crucial role in organizations because they help with coordination, automate tasks, and provide information about the organization's activities in real-time. (Paranoan Natalia, Tandirerung, 2019).

### **Auditor Attitude (X4)**

The auditor's attitude is an attitude in conducting audit assignments, so the first thing that will be discussed is about human attitudes. Eagly and Chaiken (1993) in *The Handbook of Attitudes* (2005) define attitude as "a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor; Petty et al. 1997; Ajzen 2001) which also defines attitude as a response or response which is the result of an evaluation of the object it captures such as a certain person, object, idea, or situation. This response can be in the form of a feeling of liking (favorable) or a feeling of disliking (unfavorable), it can also be in the form of a positive degree of affection or a degree of negative affection. Social psychology experts in the *Handbook of Psychology* (2003), namely Breokler (1984), Rosenberg and Hovland (1960), and Zanna and Rempel (1988), said that there are three main components in attitudes, namely cognition or belief, affect or feelings and action or behavior. The cognitive or belief component refers to thoughts, beliefs, ideas, facts, and knowledge of something. The affect or feelings component involves a positive or negative emotional state towards something. The action or behavior component refers to the intention to behave in a certain way towards an object so that the behavior is in line with the attitude.

### **Professional Skepticism (X5)**

According to Arens et al. (2017, p.173) the concept of professional skepticism has become a basic element of auditing standards, but it is difficult to apply in real auditing practices. Auditors are human beings and tend to have natural biases to trust individuals they know and individuals they interact with on a regular basis. So, it is often difficult for auditors to accept the possibility that their client may be incompetent or that there is a possibility of

fraud during the audit process. The level of professional skepticism of an auditor will be higher if they check the financial statements more often (Winantyadi & Waluyo, 2014).

### Previous Research

**Table 1**

<b>It</b>	<b>Author (year)</b>	<b>Previous Research Results</b>	<b>Equations with This article</b>	<b>Differences with This article</b>
1	Wahyuadi Pamungkas and Jaeni (2022)	Forensic Accounting does not have a significant effect on fraud disclosure, Investigative Audit has a significant positive effect on fraud disclosure, Independence does not have a significant effect on fraud disclosure, Professional Skepticism has a significant positive effect on fraud disclosure	Professional skepticism affects fraud disclosure	Forensic Accounting, Investigative Audit, Indentation have a significant effect on fraud disclosure
2.	Muchtar Lutfi, Masdar Mas'ud, Syamsuri Womb (2023)	Influence of Forensic Audit, Investigative Audit, and Professional Judgment Against Fraud Disclosure on BPKP Office South Sulawesi Representative	Audit influence forensics against Disclosure fraud	Audit influence investigation and professional judgment to disclosure Fraud in the office BPKP Representative South Sulawesi
3.	Endang Syafitri, Syifa Aghnia, United States Pupung Purnamasari (2021)	The Influence of Forensic Audits against fraud that occurs On the Financial Statements Company.	Audit influence forensics against Fraud	On the financial statements company
4.	Hasbi (2019)	Forensic audits, audits investigative and professional Judgment has a positive effect and significant to fraud disclosure.	Forensic Audit Influential towards Disclosure fraud	Investigative audits and Professional Judgment have a positive effect and significant to Fraud Disclosure

5.	Oktavilia Kristanti, Cris Kuntadi (2022)	Influence of Forensic Audit, Investigative audits, and Auditor Competence Fraud disclosure	Audit influence forensics against Disclosure fraud	Audit influence investigation and Auditor Competence to disclosure fraud
6.	Mardani, Yesi Mutia Basri, M Rasuli (2020)	This study aims to see the purpose of testing the influence of Audit Committee, Internal Audit, and Company Size on Disclosure Negligence in banking companies listed on the IDX 2018.	Internal audits affect fraud disclosure	Variable X : Audit committee Business size And the place of research
7.	(Mahmud, 2021)	Previous research results Certifies that: This research investigate how various influencing factors Auditor Capabilities in detecting Cheating. In the In particular, this research Testing the impact of auditor attitude, experience, gender, and existence mechanism whistleblowing. By using Attribution theory as Framework This research use quantitative methodology, by surveying Auditor population Employed by Representative Office BPKP in Yogyakarta	How various influencing factors Auditor Capabilities in detecting Cheating. In the In particular, this research Testing the impact of auditor attitude, experience, gender, and existence mechanism whistleblowing. By using Attribution theory as Framework This research use quantitative methodology, by surveying Auditor population Employed by Representative Office BPKP in Yogyakarta personal traits and Environmental factors affect Auditor Capabilities to find Cheating. Factor- These factors include gender experience Independence skepticism professional audito.	Variable X : - Investigative audit experience - Gender

8.	(Kristanti & Kuntadi, 2022)	Previous research results indicates that: Results Using Rationale Review for Ensure how Fraud disclosure affected by the audit Forensics, audits investigation, and auditor ability.	Disclosure Cheating influenced by positive and significant by Forensic Audit	while Variable X: - Investigative audits - Competence Auditor.
9.	(Octavianingrum & Kuntadi, 2022)	Previous research results produced: Independence, experience, and skepticism affect the effectiveness of the implementation of audit procedures in disclosure fraud	Examining the same variables, namely with variable X (Professional skepticism) and variable Y ( <i>Fraud Disclosure</i> ).	Previous research examined the variables of Forensic and Investigative Auditor Experience
10	(Pamungkas & Jaeni, 2022)	and Independence has no influence on fraud disclosure. Meanwhile, Investigative Audit and Skepticism have a significant positive influence on disclosure fraud.	Examining the same variable, i.e. variable X (skepticism) and variable Y ( <i>Fraud Disclosure</i> ).	Previous researchers have examined the variables of Forensic Accounting, Investigative Audit, and Auditor Independence

### 3. METHODS

This scientific article is written using qualitative methods and literature studies or (Library Research). Exploring theories and relationships or influences between variables in online books and journals sourced from Mendeley, Google Scholar, Google Scholar and other online media.

### 4. RESULTS

Based on the theoretical review and relevant previous research, the discussion of this article in the Fraud Disclosure concentration is:

1. **The Effect of Forensic Audit on Fraud Disclosure:** Effective forensic audits have a positive effect on fraud disclosure. This means that if an auditor uses a forensic accounting audit system, they are more likely to prevent fraud if the techniques used in forensic accounting are specifically designed to detect fraud. In this case, the application of forensic accounting in the screening system can be recognized by several techniques carried out such as computers, interviews and in-depth interviews in case of problems, suspicious cases and investigations of asset misuse. All of these techniques have helped auditors



prevent and detect evidence of fraud. According to Donald Cressey (1953) in Indriyani (2016) reveals that a fraud occurs influenced by three things below:

1. There is pressure and motivation.
  2. Rationalization and justification regarding the ethics and morals of the person concerned.
  3. The existence of an opportunity and knowledge for Crime.
2. **The Influence of Internal Audit on Fraud Disclosure:** Internal Audit is effective in influencing fraud disclosure. Internal Audit is an assessment function that is developed freely in the organization to test and evaluate activities as a form of service to the organization (Hery, 2018:8). Internal audit activities that are carried out effectively will be something valuable in the eyes of management. The objectivity, expertise, and knowledge possessed by a competent internal auditor will be obtained significantly to add value to the internal control of the entity (Hey, 2018:8). The overall purpose of the internal audit is to assist all members of management in completing their responsibilities effectively, by providing them with objective analysis, assessment, suggestions, and comments on the activities or matters being audited. From the explanation above, it can be concluded that internal audit has a considerable role in the presentation of financial statements. The accuracy and fairness of the financial statements presented are the responsibility of internal audit. If the financial statements are not presented fairly, an audit must be carried out by an internal audit to reveal misrepresentation/fraud (Handayani, 2015). In the results of Handayani's research (2015) stated that internal audits have an effect on fraud. The more effective the internal audit, the greater the chance of revealing fraud.
3. **The Influence of Information Technology on Fraud Disclosure:** According to (O'Brien, 2006). Information is usually defined as data that has been processed so that its attributes can be changed to create other relevant data. According to (Aji Supriyanto, 2005) Computer networks consist of various information processing modules, including information networks, hardware, software, and other technologies. Thomson et al. Use of Information Technology. Information technology has brought about very important adjustments in both public and private institutions. Therefore, information technology is essential to assess a company's competitiveness and potential for future operational

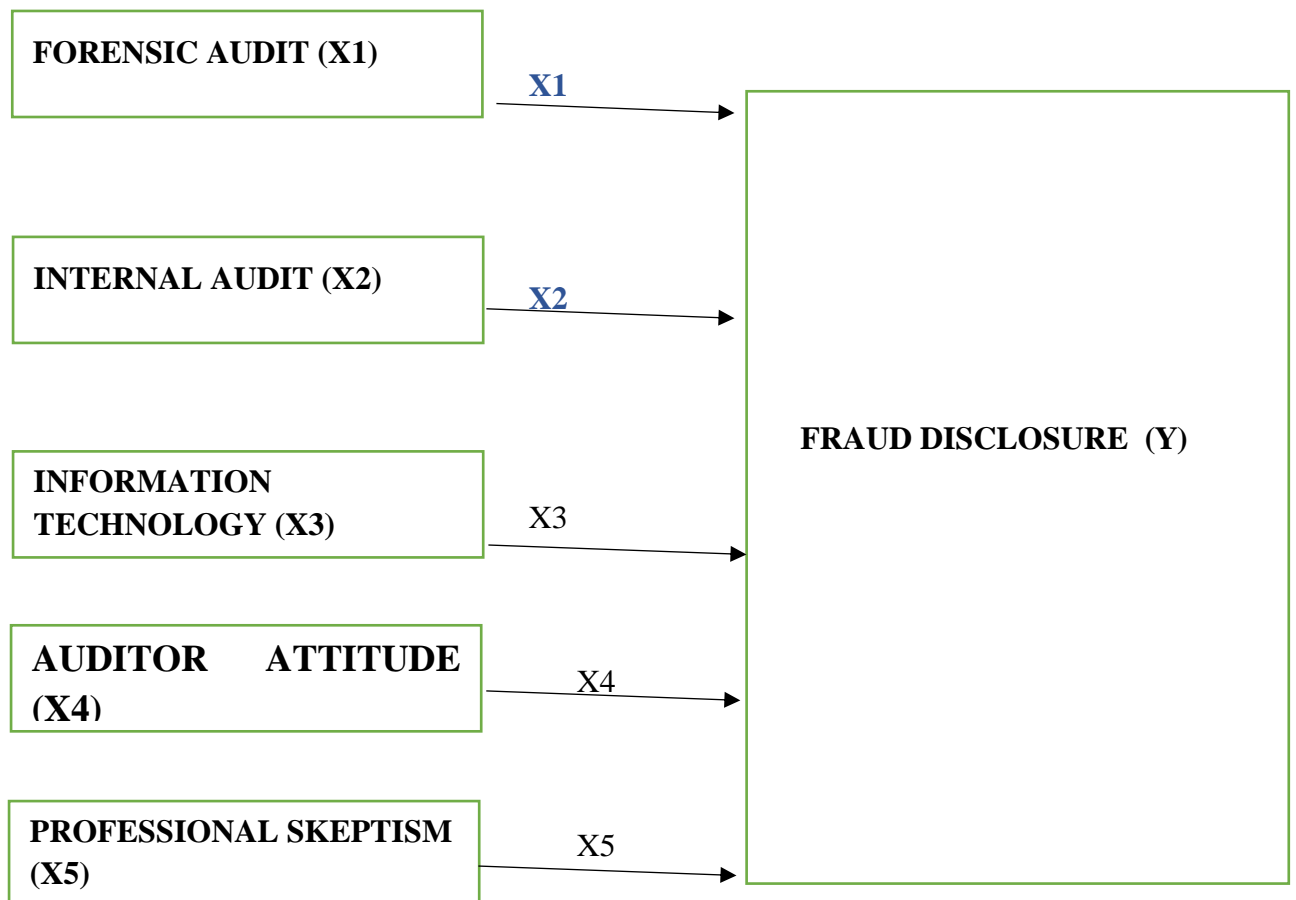
improvements. When assessing a company's potential for future success, managers and consultants need to consider information technology resources. (Devaraj, 2003) The results of this study show that cheating is not affected by the use of information technology. The findings of this study are contrary to research conducted by (Pratiwi, 2018), (Hersi Huslina, Hislahuddin, 2015) and (Maharsi, 2000) which found a significant relationship between fraud and the use of information technology.

4. **The Effect of Auditor Attitudes on Fraud Disclosure** : There are 2 findings in this study: First, there is statistically significant data support for hypothesis 1, which states that auditors with a high level of identification-based trust if given a high level of fraud risk assessment will show higher professional skepticism in detecting fraud. This proves that when experiencing cognitive dissonance, auditors choose to behave according to instructions from their superiors. Therefore, auditors who are given a high fraud risk assessment are more skeptical than auditors who are not given a fraud risk assessment and auditors who are given a low fraud risk assessment. Meanwhile, auditors with a calculus-based trust level even though they are given a low fraud risk assessment will show professional skepticism that is no different from auditors who are not given a fraud risk assessment and with auditors who are given a high fraud risk assessment. In other words, when the auditor does not experience cognitive dissonance, the high or low level of fraud risk assessment does not affect his or her skepticism. The auditor can still maintain his skepticism in accordance with his norms and level of trust in the client. Second, there is statistically significant data support for hypothesis 2 that personality types influence the professional skepticism of auditors. The findings in this study are useful in enriching the behavioral accounting literature by proving the existence of cognitive dissonance in auditing settings and proving the influence of personal characteristics, namely personality type on a person's attitude.
5. **The Effect of Professional Skepticism on Fraud Disclosure:** Based on the results of data analysis, it can be concluded that auditor professional skepticism has a positive and significant effect on the implementation of audits in fraud disclosure. Therefore, the second hypothesis proposed in this study is accepted. The results of the study showed that the regression coefficient of the auditor professional skepticism variable was greater than the auditor competency variable. This indicates that this variable is the most dominant or most influential on the implementation of audits in fraud disclosure.

## Frame Mind

### Thinking Framework

Based on the formulation of the problem, theoretical analysis, significant previous research and discussion of the influence of variable X (Forensic Accounting, Internal Audit, Information Technology, Auditor Attitude, and Professional Skepticism) on the variable Y (*Fraud Disclosure*), the following framework of thinking is obtained.



**Picture 1**

*Fraud*. As for the variables of Forensic Audit, Internal Audit, Information Technology, Auditor Attitude, and Professional Skepticism that affect *Fraud Disclosure*, there are variables that influence, namely:

1. *Professional Judgment* (Dianto, 2023).
2. *Whistleblower/whistleblowing* (Rohmah et al., 2023) and (Dianto, 2023).
3. Competence and Time Pressure of Investigative Auditors (Andini et al., 2021).
4. Experience (Octavianingrum & Kuntadi, 2022) and (Najmuddin & Pamungkas, 2021).
5. Ability (Ziah & Kuntadi, 2023).
6. Internal Control (Ziah & Kuntadi, 2023).
7. Computer-Aided Audit Techniques (TABK) (Najmuddin & Pamungkas, 2021).

## **5. CONCLUSION**

Based on theories, significant articles and discussions that it can be concluded that Forensic Audit, Internal Audit, Auditor Attitude, and Professional Skepticism have an influence on *Fraud Disclosure*, while Information Technology has no influence on *Fraud Disclosure*. Based on the theory, review of the relevant literature and discussion, it can be concluded that:

1. Forensic Audit affects Fraud Disclosure
2. Internal Audit affects Fraud Disclosure.
3. Information Technology has no effect on Fraud Disclosure.
4. The Auditor's attitude affects the Fraud Disclosure.
5. Professional skepticism affects Fraud Disclosure.

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