
THE EFFECT OF FORENSIC ACCOUNTING, PROFESSIONAL SCEPTICISM AND FRAUD AUDIT TRAINING IN DETECTING FRAUD: A LITERATURE REVIEW

Bunga Filsa Atika, Sulis Rochayatun

Faculty of Economics, Universitas Islam Negeri Maulana Malik Ibrahim Malang
Jl. Gajayana No.50, Dinoyo, Malang City, East Java, 65144, Indonesia
200502110091@student.uin-malang.ac.id

ABSTRACT

Forensic accounting, professional scepticism, and fraud audit training are various factors that may be influential in detecting fraud committed by clients. This article aims to analyze and identify the influence of forensic accounting, professional scepticism, and fraud audit training in detecting fraud. The research method used in this article is a literature review by analyzing and identifying various studies that have been conducted before. This research results in forensic accounting; professional scepticism is influential in detecting fraud. This shows that the better forensic accounting and professional scepticism, the better the examination will detect fraud. Fraud audit training does not significantly detect fraud because the cost is very expensive, so auditors cannot get full training.

Keywords: Forensic Accounting, Professional Scepticism, Audit Training, Fraud

INTRODUCTION

Financial statements are one of the considerations for investors in assessing a company's performance. A good company performance report shows good financial performance, and the financial statements are not materially misstated. This will later affect decision-making for users of financial reports. Rapid business development also led to progress in the accounting world. Therefore, the more developments in the accounting field, the more fraud will be committed. Fraudulent practices that are often carried out become a failure for the accounting profession, leading to public scepticism of the functions and roles of accounting that cannot run optimally. In the accounting world, There are two types of errors: errors and fraud—the difference between the two lies in the element of intent. Fraud will become more difficult to detect because the management of a company or employees will try to hide the fraud committed.

Fraud can occur in various aspects; for example, there are many cases of corruption, embezzlement, fraud, and fraud in companies or what is commonly called white-collar crime (Cris et al., 2022). Because of this, forensic accounting emerged in the field of accounting. The emergence of forensic accounting is expected to be able to help answer problems in accounting science and help uncover various frauds that are difficult to detect and prevent. Based on research by Rahmawati, Simorangkir, and Ginting (2021), forensic accounting significantly influences fraud detection. The better the application of forensic accounting, the easier it will be for the auditor to detect fraud.

Detecting fraud goes beyond relying solely on forensic accounting; it necessitates the presence of an auditor equipped with professional scepticism. Professional scepticism is crucial to an auditor's ability to identify various issues. It entails a critical attitude possessed by auditors in evaluating and consistently always questioning the accuracy and adequacy of evidence during examinations (SPKN No 1 of 2017). An auditor competent in applying professional scepticism during the audit process will not easily believe the explanation given by the client regarding audit evidence (Sanjaya, 2017). By being sceptical, auditors can effectively scrutinize potential fraud in financial statements, thereby improving their ability to identify ongoing fraud during subsequent audits. The failure of various financial statement audits often stems from insufficient auditor scepticism. Auditors need to maintain a high level of professional scepticism to facilitate the acquisition of desired evidence and information (Wahyudi & Jaeni, 2022). This increased scepticism allows auditors to obtain

the necessary evidence and information easily, improving their overall fraud detection capabilities in subsequent audits.

Professional scepticism is identified as one of the factors that can impact an auditor's ability to detect various types of fraud. A study conducted by Safira & Luqman (2021) confirms that professional scepticism significantly influences an auditor's capability to uncover fraud. However, the research conducted by Okmi Elfia & Erinors NR (2022) presents contrasting results. According to their study, the influence of professional scepticism on an auditor's ability to detect fraud is not statistically significant. Fraud will occur more frequently in various ways that will continue to evolve. So the ability of an auditor to detect fraud needs to be continuously improved (Kompiang, Dewa, I Putu, 2017).

So that in this case, the auditor is also required to have special expertise in detecting fraud. They can get these special skills through training. One of the trainings that an auditor can attend is fraud audit training. This training aims to increase the ability and knowledge of an auditor in auditing a client's financial statements. The Fraud Audit Module (2008) states that fraud audit is a new science useful for investigating, detecting, analyzing and disclosing the acts of fraud committed. Examples of fraudulent acts often committed are embezzlement, a material misstatement of the quality of financial statements, corruption and bribery which are usually carried out in various private and public sectors. Audit training needs to be done because, at this time, an auditor often fails when identifying fraud. This is because not all auditors can learn about fraud detection, so an auditor's experience, understanding and implications for fraud cases are still very limited. Corruption and bribery are usually carried out in various private and public sectors. Audit training needs to be done because, at this time, an auditor often fails when identifying fraud. This is because not all auditors can learn about fraud detection, so an auditor's experience, understanding and implications for fraud cases are still very limited. Corruption and bribery are usually carried out in various private and public sectors. Audit training needs to be done because, at this time, an auditor often fails when identifying fraud. This is because not all auditors can learn about fraud detection, so an auditor's experience, understanding and implications for fraud cases are still very limited. Hilmi (in Linda, Dwi, Astrid, 2019) suggests that audit training does not substantially impact fraud detection. Similarly, Friska Ayudia, Nurul Latifah, and Eman Sukanto (2019) conducted research indicating that auditor's training in fraud audits does not affect fraud detection within a company.

Given various findings from previous research, this article aims to investigate the impact of forensic accounting, professional scepticism, and fraud audit training on fraud detection. Given the rise in fraud cases, the author is motivated to explore the factors that influence auditors in detecting fraud. Therefore, the author is interested in conducting a study entitled "The Influence of Forensic Accounting Training, Professional Skepticism, and Fraud Auditing in Fraud Detection". The goal is to understand how these factors contribute to detecting fraudulent activity during audit examinations.

LITERATURE REVIEW

According to Rahmawati, Simorangkir, and Ginting's (2021) research findings, forensic accounting plays a significant role in fraud detection. As the collection of forensic evidence increases and the application of forensic accounting by auditors improves within a company, it becomes easier for auditors to fulfil their responsibility of detecting fraud. Therefore, it is recommended that auditors incorporate forensic accounting practices. However, the study suggests that professional scepticism does not notably impact auditors' ability to identify fraud during the audit process. This outcome may be attributed to the fact that the respondents in this study were junior auditors with an undergraduate degree and less than one year of work experience.

Based on the research of Wahyudi Pamungkas & Jaeni (2022), the impact of forensic accounting on fraud detection is not significant. Consequently, the application of forensic accounting in the investigative process at BPKP Semarang City proves to be less effective,

making it challenging for auditors to identify and resolve various issues within the company. On the other hand, the study highlights that the auditor's professional scepticism significantly influences fraud detection. This implies that auditors with a higher level of professional scepticism are more capable of detecting fraud. It emphasizes the importance of exercising professional scepticism in every audit assignment to identify and prevent fraud, thereby avoiding audit failures.

The research conducted by Bambang Subiyanto, Kumba Digdowiseiso, and Noviyanti Mandasari (2022) indicates that the level of professional scepticism exhibited by auditors directly impacts their ability to detect fraud. With an elevated level of professional scepticism, auditors are better equipped to identify instances of fraud. This is due to their tendency to adopt a critical and sceptical mindset while analyzing their client's financial statements and the evidence obtained. Consequently, increased professional scepticism facilitates the auditor's ability to uncover fraudulent activities more easily.

The findings from Aviani Sanjaya's research (2017) have presented contrasting findings compared to previous studies. According to this study, the level of professional scepticism exhibited by auditors does not significantly impact their ability to conduct fraud detection investigations. Despite having a high level of professional scepticism, it cannot be assumed that auditors are more inclined to increase their responsibility for detecting fraud. The research emphasizes that accountability is a fundamental trait that auditors should possess. Furthermore, the study concludes that auditor training does not significantly affect identifying fraud during the audit process.

Research conducted by Friska Ayudia, Nurul Latifah, and Eman Sukanto (2019) found that an auditor's professional scepticism has a positive and important impact on identifying fraud committed. According to their findings, auditors with higher scepticism were motivated to uncover important information and evidence. The study also explains that fraud audit training did not significantly affect the auditor's ability to identify fraud. This can be attributed to the limited availability of comprehensive fraud audit training and the high cost associated with attending such training programs, which prevent many auditors from fully participating and not benefiting from such training.

Similar variables were examined in the research conducted by Rini Sulistiyanti (2020), and the findings demonstrate that professional scepticism has a substantial and positive impact on an auditor's capability to detect fraud. Adopting a sceptical professional sceptical attitude influences the auditor's accuracy in effectively fulfilling their duties and responsibilities. The research conducted by Okmi Elfia & Erinor NR (2022) supports the notion that auditor training can enhance an auditor's capacity to detect fraud. This finding suggests that auditors aspiring to excel in fraud detection should actively participate in various audit training programs. Surprisingly, the research reveals that professional scepticism does not influence the auditor's ability to detect fraud. This is attributed to the phenomenon known as the fixation of the auditor's perception. The fixation of the auditor's perception refers to an attitude where auditors tend to provide positive opinions or reviews for clients they have previously audited, leading them to overlook the exercise of professional scepticism.

Fraud audit training does not significantly affect the auditor's responsibility for detecting fraud. Research supports previous research, which found that audit training that is attended requires special skills and knowledge, and audit training is training that is quite expensive, so many auditors do not take part in fraud audit training (Evra et al., 2022)

The training conducted by Muhammad Isya Alamsyahbana et al. (2022) shows that with forensic accounting procedures that are carried out properly in accordance with accounting standards, it will be easy for the auditor to find or identify various frauds that have been committed. However, the existence of other fraud models means that forensic accounting techniques in detecting fraud must also be more varied according to the times so that the audit process runs well.

The results of the research by Nasha Ihulhaq, Edi Sukarmanto, and Pupung Purnamasari (2019) show that forensic accounting has a significant influence in identifying fraud during the inspection process. However, this study confirms that several other factors/variables can still affect the auditor's ability to identify fraud besides forensic accounting. Research by Maulana, Edi, and Mey Maemunah (2019) states that professional scepticism can influence an auditor's ability to identify fraud or irregularity during an audit examination. Appropriate and efficient use or decision-making by the auditor can assist the auditor in achieving his objectives. For the auditor to identify a fraud that has occurred, the auditor must be able to audit financial statements properly during the inspection process and have a high level of scepticism.

METHODS

The scientific article employs a writing approach that combines qualitative research methods and a literature review. The literature review analyses theories, data, and the interplay between variables found in various journals from online sources such as Google Scholar, Emerald, and other online media platforms.

The literature review encompasses all relevant studies conducted in forensic accounting, professional scepticism, and fraud audit experience in detecting fraud. The selection of samples is made through observation and analysis of pertinent information related to the research topic. Various literature sources that align with the research subject are collected, and relevant variables are identified based on previous research. A conceptual framework is developed based on these variables.

RESULTS AND DISCUSSION

The Influence of Forensic Accounting In Detecting Fraud

Based on research conducted by Rahmawati, Simorangkir, and Ginting (2021), forensic accounting significantly influences fraud detection. The effective application of forensic accounting facilitates the auditor's responsibilities in detecting fraud, making it necessary for auditors to utilize this approach. These findings align with a study conducted by Muhammad Isya Alamsyahbana et al. (2022) which demonstrates that proper implementation of forensic accounting procedures following accounting standards enables auditors to identify various instances of fraud easily. Forensic accounting has a positive and significant impact on fraud detection. However, it should be noted that other variables also influence the ability to detect fraud, as mentioned in a study by Nasha Ihulhaq, Edi Sukarmanto, and Pupung Purnamasari (2019).

The application of forensic accounting can assist a person in detecting fraud by conducting an investigative audit of fraudulent acts committed by the company. The better the application of forensic accounting, the easier it will be for an auditor to find various frauds that have been committed. Therefore, applying forensic accounting is necessary to make it easier for an auditor to detect fraud. The application of forensic accounting in a company must always keep up with the times because, along with the times, the way a company commits acts of fraud will also develop.

The Influence of Professional Scepticism In Detecting Fraud

Auditors' level of professional scepticism significantly impacts the ability to detect fraud. A heightened level of professional scepticism improves the auditor's proficiency in identifying instances of fraud more effectively. It is essential for auditors to consistently apply professional scepticism in all of their audit assignments to detect fraud and avoid audit failures (Wahyudi & Jaeni, 2022). The influence of professional scepticism on fraud detection is rooted in the auditor's inclination to maintain a critical and sceptical mindset, exercising greater caution while scrutinizing financial statements following accounting standards and the evidence acquired (Bambang et al., 2022).

Research conducted by (Maulana et al., 2019) stated that professional scepticism affects the auditor's ability to detect fraud. Using or making very appropriate and effective decisions can help the auditor achieve the goal. The auditor must be able to audit financial statements with professional scepticism so that the auditor can detect fraud that occurs in the financial statements.

Usually, auditors who have audited a company will ignore professional audit scepticism because they assume that a company that has had good audit results in the previous year will not commit fraud in the following year (auditor's perception fixation). Therefore, in this case, the use or decision-making is very appropriate and effective so that the auditor can achieve the objective. The auditor must be able to audit financial statements with professional scepticism so that the auditor can detect fraud that occurs in the financial statements.

The Influence of Fraud Audit Training in Detecting Fraud

Friska Ayudia, Nurul Latifah, Eman Sukanto (2019) and Evra & Triana Yuniati (2022) conducted research on the effect of fraud audit training in detecting fraud. In both studies, it can be concluded that fraud audit training has no significant effect on the auditor's ability to detect fraud. This happens because auditors have not received full fraud audit training. Also, the costs are very expensive to attend training, so many auditors have not been able to participate in fraud audit training fully.

Evra & Triana Yuniati's (2022) research highlights that a deficiency in auditors' understanding of fraud detection contributes to their frequent failures in identifying fraud. Consequently, auditors require fraud audit training to enhance their proficiency in detecting fraud. However, it should be noted that not all auditors can uncover fraud in financial statements, even after undergoing fraud audit training. This is due to variations in individual understanding. Thus, this study concludes that fraud audit training does not significantly affect the auditor's ability to detect fraud. Thus, this study concludes that fraud audit training does not significantly impact the auditor's ability to detect fraud.

CONCLUSION

The analysis of the existing literature indicates that implementing forensic accounting, professional scepticism, and fraud audit training has proven effective in helping auditors identify fraud. Based on this, the following hypotheses can be formulated for future research:

Forensic accounting significantly influences fraud detection. Professional scepticism significantly influences fraud detection. Fraud audit training does not have a significant effect on detecting fraud.

Considering this study's findings and conclusions, future researchers should explore additional variables that may impact fraud detection. A more comprehensive understanding of fraud detection can be achieved by including and expanding upon other independent variables.

REFERENCES

- Afiani, FA, Latifah, N., & Sukanto, E. (2019). Professional Skepticism, Fraud Audit Training, Auditing Experience and Auditor Capability in Detecting Fraud at City and District Inspectorates in Central Java. In Proceedings of Unimus Student National Seminar (Vol. 2).
- Alamsyahbana, MI, Zulfachri, B., Zulaika, N., Sitepu, AP, & Munaf, T. (2022). Analysis of the Application of SPI and Forensic Accounting in Early Fraud Detection Efforts. *Aksara: Journal of Non-Formal Education*, 8(2), 1343-1356.
- Coal, ED (2020). Application of Forensic Accounting and Investigative Audit to Detect Fraud: Application of Forensic Accounting and Investigative Audit to Detect Fraud. *Juripol (Journal of Institutional Polytechnic Ganesha Medan)*, 3(2), 9-16.

- Elfia, O., & Erinos, NR (2022). The effect of auditor training, time pressure, and professional scepticism on the auditor's ability to detect fraud: an empirical study on BPK RI Representative of West Sumatra Province. *Journal of Exploratory Accounting*, 4(1), 178-191.
- Hadija, S., & Kuntadi, C. (2023). Factors Influencing the Auditor's Ability to Detect the Auditor's Ability to Detect Fraud (Literature Review). *Journal of Information Systems Management Economics*, 4(3), 580-586.
- Ihulhaq, N., Sukarmanto, E., & Purnamasari, P. (2019). The Influence of Forensic Accounting and Investigative Audit on Fraud Detection. *Accounting Proceedings*, 309-319.
- Indrawati, L., Cahyono, D., & Maharani, A. (2019). The influence of professional scepticism, auditor independence and fraud audit training on the auditor's ability to detect fraud. *International Journal of Social Science and Business*, 3(4), 393-402.
- Indriyani, S., & Hakim, L. (2021). Audit experience, professional scepticism and time pressure influence the auditor's ability to detect fraud. *Journal of Accounting and Governance*, 1(2), 113-120.
- Kuntadi, C., & Limbong, Te (2022). Factors Influencing Fraud Disclosure: Internal Control System, Investigative Audit, Professional Skepticism. *Journal Of Comprehensive Science (Jcs)*, 1(4), 679-684.
- Kuntadi, C., Isnaini, Rsf, & Pramukty, R. (2023). The Influence Of Forensic Accounting, Investigative Audit, Independence, And Professional Scepticism On Fraud Disclosure. *Sentri: Journal Of Scientific Research*, 2(1), 250-259.
- Laitupa, MF, & Hehanussa, H. (2020). The Influence of Work Experience, Professional Skepticism And Time Pressure On Auditor's Ability To Detect Fraud. *Journal of Accounting*, 6(1), 1-22.
- Muntasir, M., & Maryasih, L. (2021). The Influence of Independence, Experience, Professional Skepticism of Auditors and Competence on Auditor's Ability to Detect Fraud (Study on the Aceh Inspectorate). *Akbis: Accounting and Business Research Media*, 5(2), 138-154.
- Pamungkas, W. (2022). The Influence of Forensic Accounting, Investigative Audit, Independence, and Professional Skepticism on Fraud Disclosure (Study at BPKP Central Java Representative). *Compact: Scientific Journal of Computerized Accounting*, 15(1), 99-109.
- Prasetyo, MA, Sukarmanto, E., & Maemunah, M. (2019). The influence of professional scepticism and independence on fraud detection. *Accounting Review*, 20(2), 159-167.
- Putri, KMD, Wirama, DG, & Sudana, IP (2017). Fraud audit training, professional scepticism, and audit tenure affect the auditor's ability to detect fraud. *E-Journal of Economics and Business*, Udayana University, 6(11), 3795-3822.
- Rahmawati, A., Simorangkir, P., & Ginting, R. (2021). The Influence Of Forensic Accounting, Professional Scepticism And Audit Experience On Fraud Detection. *Akunida Journal*, 7(2), 113-122.
- Rizky, MA, & Wibowo, D. (2019). The Influence Of Auditor Competency, Independence, Skepticism And Training On The Ability To Detect Fraud. *Journal of Accounting Science and Research (JIRA)*, 8(12).
- Sanjaya, A. (2017). The Influence of Professional Skepticism, Independence, Competence, Auditor Training, And Audit Risk On Auditor's Responsibility In Detecting Fraud. *Journal of Business Accounting*, 15(1), 41-55.
- Soewandy, S., & Kuntadi, C. (2023). Factors Influencing Auditor Professional Skepticism: Experience, Competence and Audit Situation (Literature et al.). *Journal of Information Systems Management Economics*, 4(3), 555-560.
- Subekti, H., & Kuntadi, C. (2023). Factors Influencing Fraud Detection: Audit Experience, Competence and Professional Skepticism (Literature et al.). *Journal of Community Service and Applied Research*, 1(1), 77-83.
- Subiyanto, B., Digdowiseiso, K., & Mandasari, N. (2022). The Effect of Work Experience, Professional Skepticism, and Personality Type on Auditor's Ability to Disclosure of Fraud. *Fair Value: Scientific Journal of Accounting and Finance*, 4(6), 2609-2620.

- Sulistiyanti, R. (2020). The Influence of Independence, Professional Skepticism and Tenure Audit on the Ability of the Government's Internal Supervisory Apparatus to Detect Fraud. *Bongaya Journal for Research in Accounting (BJRA)*, 3(2), 92-97.
- Sw, Dp, & Kuntadi, C. (2022). Literature Review: The Effect Of Forensic Accounting, Investigative Audit, And Independence On Fraud Disclosure. *Economia Journal*, 1(3), 670-678.
- Yuniati, T. (2022). The Effect Of Auditor Experience, Audit Training And Audit Risk On Auditor Responsibilities In Detecting Fraud: (Case Study At A Public Accounting Firm In The Bekasi Region). *Scientific Journal Of Accounting And Management*, 18(2), 145–155.



*Accounting,
Auditing, and
Taxation*