

The Effect of Auditor Competency and Independence on Chaffic Prevention (Fraud) in Public Accountant Offices, Bandung City

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ABSTRACT

Public accountants have the obligation to be free from fraud, the independence of auditors is very useful for the interests of the public accounting profession in collecting sufficient data and evidence regarding financial reports. The auditor must have competence, one of which is determined by the experience of auditors in conducting audits, the longer an auditor's experience in auditing will affect the formation of audit considerations, which in turn will affect preventing fraudulent fraud that occurs while on duty. This study aims to examine the influence of competence and independency of prevention (fraud) Public Accounting Firm in Bandung city. This research was conducted in 17 KAP (Public Accounting Firm) and obtained 37 respondents consisting of juniors, seniors, supervisors. The data used in this study are the main data collected through a questionnaire. These results indicate that the variable competence of auditor and independence of auditors have a positive effect on the prevention of fraud (fraud) of 25.9%.

Keywords

Competency auditor, auditor independence, prevention of fraud

Introduction

In the era of globalization, every public accounting firm wants to have auditors who can work well in conducting audits. One of the auditors' jobs is to conduct an audit whose purpose consists of seeking information about what is done in the entity on the data being examined, comparing the results with established criteria, and approving or rejecting the results by providing recommendations about actions for improvement in the future. which will come. The public accounting profession has earned the trust of the public. To this profession, the public wants research without taking sides, and is also free from information provided by company management in financial reports (Mulyadi, 2000).

Public accountants can be relied on in gaining public trust regarding work performance and also activities within the company. Public accountant services can be used by external companies who will provide an assessment of the condition and performance of the company that recognizes the results of the examination of the financial statements within the company. The financial report provides an overview and information on company performance needed by internal and external parties as a basis for decision making (Saudi, 2018; SPAP, 2016).

Not all public accountants and auditors can provide optimal audit results, one example of the competence of auditors who have not correctly assessed the substance of the transaction for the accounting treatment activities for the recognition of receivables and other income, namely a phenomenon that occurs in PT Garuda Indonesia (Persero) Tbk there were negligence in auditing the financial statements. KAP which is responsible for auditing PT Garuda Indonesia (Persero) Tbk, namely Public Accountant (AP) Kasner Sirumapea and Public Accountant Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Rekan, in this case the relevant AP calculates transactions for revenue recognition accounting treatment activities. accounts receivable and other income. This is because AP has recognized receivables revenue even though nominally it has not been received by the company, even though the public accountants Kasner Sirumapea and the Public Accounting Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Rekan already have experience and competence as auditors for years but the resulting audits not optimal.

Based on the research background that has been stated, the researcher will identify the problem as follows:

1. How does competency affect the prevention of fraud (fraud) in KAP Kota Bandung?

2. How does independence affect the prevention of fraud (fraud) in KAP Kota Bandung?
3. Does the competence and independence of the auditors affect fraud prevention?

Literature Review

Competence

According to Sukrisno Agoes (2013) defines competence as follows:

"A skill and ability in carrying out a job or profession. Competent people mean people who can carry out their work with good quality results. In the broadest sense of competence includes the mastery of science / knowledge, skills that includes, as well as to have the attitude and behavior (*attitude*) suitable for carrying out a job or profession"

According to the Competency Dictionary LOMA (1998) in Lasmahadi (2002) defines competence as follows:

"Competence can be defined as a personal aspect of a worker that enables him to achieve superior performance. These personal aspects such as traits, motives, value systems, attitudes, knowledge and skills where competence will direct behavior, and behavior will produce a performance."

According to Mulyadi (2014), Competence indicates the attainment and maintenance of a level of understanding and knowledge which enables a member to provide services with ease and ingenuity.

Independence

According to Arens (2012), the definition of independence is:

"An unbiased point of view in conducting audit testing, evaluating test results and publishing audit reports. Independence is one of the most important characteristics for auditors and is the basis of the principles of integrity and objectivity."

According to Arens et al. (2012), independence in auditing is:

"A member in public practice shall be independence in the performance a professional service as require by standards promulgated by bodies designated by a council."

Independence according to Arens et al. (2012) can be interpreted as taking an unbiased point of view. Auditors are not only biased independently in facts but must also be independent in appearance. Independence in fact exists when the auditor is truly able to maintain an unbiased attitude throughout the audit, while independent in appearance is the result of other interpretations of other independence.

According to Made Yunita Windasari and Gede Juliarsa (2016),

"The results show that the competence of internal auditors, independence of internal auditors and professionalism of internal auditors have a positive effect on fraud"

According to Herawaty and Susanto (2009),

The increasing need for professional public accounting services as an independent party, according to the public accounting profession, to improve its performance in order to produce audit report results that can be relied on and are trusted based on evidence and facts. An accountant does not merely audit financial statements because he works for his clients, but also for other parties with an interest in these financial statements.

Fraud / Cheating

Men sort Association of Certified Fraud Examiner (ACFE) in the Manual Examiners Fraud, fraud is:

"Fraud is an intentional untruth or dishonest scheme used to make deliberate and unfair advantages of another person or group of person it includes any mean, such cheats another"

According to Tuanakotta (2013) are:

"Any illegal characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the application of threats of violence or physical force. Fraud are perpetrated by individual, and organization to obtain money, property or service to avoid payment or loss of service, or to secure personal of business advantage"

According to (Karyono, 2013) are:

Preventing fraud is all efforts to ward off potential actors, narrow space, and identify activities that are at risk preventing fraud.

Research Hypothesis

Based on the previous explanation, the hypothesis in this study is as follows:

Hypothesis formulation

- Ho: $\mu = 0$; there is an influence between independence, competence and on the prevention of fraud (fraud).
- Ha: $\mu < 0$; there is a positive influence between independence, competence and on the prevention of fraud (fraud).

The real level () used is 5%

Test result

- Sig < (0.05), then H0 is rejected
 This means: (1) the independent variable can explain the dependent variable and (2) there is an influence between the two variables being tested
- Sig > (0.05), then H0 cannot be rejected
 This means: (1) the independent variable cannot explain the dependent variable and (2) there is no influence between the two variables tested.

Methodology

This study uses multiple linear regression analysis. Regression analysis is basically a study of the dependence of the dependent variable with one or more independent variables with the aim of estimating the average value of the dependent variable based on the known value of the independent variable (Ghozali, 2016). The

research to be carried out has 2 independent variables and 1 dependent variable

According to Sugiyono (2014) explaining that primary data sources are data sources that directly provide data to data collectors. Research data sources obtained directly from original sources, not through intermediaries are used in the form of subject data (self-report data) in the form of opinions and characteristics of respondents. Data collection carried out in this study is by using a questionnaire method. Data is collected through contact persons or online. This method uses structured questionnaires in which a number of written questions are submitted to the respondent to respond according to the conditions experienced by the respondent concerned. The distribution and collection of questionnaires was carried out directly or online by the researcher by delivering the questionnaire directly to KAP in Bandung, which became the object of this study.

The equation used is:

$$Y = X + B_1X_1 + B_2X_2 + \epsilon$$

Simultaneous Test (Test Statistic F)

The F test is used to measure the presence or absence of joint (simultaneous) influence between the independent (free) variables on the dependent variable. Proof can be done by comparing the value of the calculation with the F table at the level of confidence 5% and degrees of freedom $df = (nk-1)$ where n is the number of respondents and K is the number of variables. The criteria for examiners used are if $F_{count} > F_{table} (nk-1)$ then H_0 is rejected, meaning that the data statistics are used to prove that all independent variables (X_1 and X_2) affect the variable value (Y) If $F_{count} < F_{table} (nk-1)$, then H_0 accepted.

The statistical meaning of the data used provides evidence that all independent variables (X_1 and X_2) have no effect on the variable value (Y). In addition, the F test can be seen from the probability value (if the p value < 0.05 then H_0 is rejected) compared to 0.05 (significance level $\alpha = 5\%$). The test criteria used are:

- If the p value < 0.05, then H_0 is rejected
- If p value > 0.05, then H_0 is accepted

Next, to find out how much the percentage of the contribution of the independent variables X1, X2 together on fraud prevention as the dependent variable can be seen from the magnitude of the coefficient of determination R² where in R² explains how much the independent variable that can be used in this study will be able to explain the dependent variable.

Partial Test (t Statistical Test)

The t test is a test of the regression coefficient of each independent variable on the dependent variable to understand the degree of influence of the independent variable on the dependent variable (Ghozali, 2016).

T-test is performed to partially test the hypothesis to show the effect of each independent variable on the dependent variable separately. The steps taken in the t test are:

- Determine the significance level $\alpha = 5\%$ It is highly likely to draw conclusions about 95% profitability or 5% fault tolerance.
- Calculating the T test

$$T_{hitung} = \frac{r\sqrt{n+2}}{r\sqrt{1+r^2}}$$

Information:

r: Correlation coefficient

N: Number of respondents

Results and Discussion

Research Results

In the research, the authors conducted multiple linear regression analysis to determine the independence and competence of fraud prevention in public accounting firms in Bandung City, as can be seen in the following equation model:

$$Y = 14,804 + 0,284X_1 + 0,426X_2$$

From the results of the multiple linear regression equation above, each variable can be interpreted as follows:

- A constant of 14.804 indicates that when the two independent variables are zero (0) and

there is no change, then the prevention of fraud will be worth 14.804 times.

- The variable X₁, namely competence, has a regression coefficient value of 0.284, indicating that when competence is improved, it is predicted that fraud prevention will increase 0.284 times.
- The variable X₂, namely independence, has a regression coefficient value of 0.426, indicating that when independence is increased, it is predicted that fraud prevention will increase by 0.426 times.

The results of the calculation of the correlation coefficient (R) show that the correlation value obtained between competence and independence with fraud prevention is 0.599. Based on the interpretation of the correlation coefficient, the correlation value of 0.599 is included in the moderate relationship category, in the interval class between 0.40 - 0.599.

The calculation of the coefficient of determination obtained is 25.9%. This shows that the two independent variables consisting of competence and independence contributed to the prevention of fraud by 25.9%, while the remaining 64.1% were contributions from other variables not studied.

Meanwhile, to see the magnitude of the contribution of the influence given by each independent variable to the dependent variable of the calculation, it is known that independence (X₂) has the most dominant contribution to fraud prevention with a contribution of 34.8%, while the other 25.0% is given by competence (X₁).

F Test Results

Based on the results obtained from the comparison of F_{count} with F_{table}, H₀ is rejected because F_{count} 28.624 > F_{table} 2.275 and the results obtained from the comparison of the significance level are H₀ rejected because F_{sig} 0.00 < 0.05. So, it can be concluded that the variables of independence and competence have a significant effect on fraud prevention in KAP Bandung City.

T test results

For the competency variable, the result is t count $2.549 > t$ table 2.022 which means that H_0 is rejected and H_1 is accepted, it means that partially competence has a significant effect on fraud prevention in Bandung City.

Discussion result

- Researchers conducted research with the results of partial hypothesis testing that had been carried out in the t test for the competency variable showing that the t test results rejected H_0 . Judging from calculations performed with SPSS software, showed the value of $t_{\text{arithmetic}}$ greater than t_{table} ($2.265 > 2.012$) and a significant value to the prevention of fraud. Judging from the understanding that has been explained, it can be concluded that competence has a good enough effect on fraud prevention. This statement is in line with the research that has been done. Competence has an influence on fraud prevention seen from the multiple linear regression table. The t value for competence is 2.265 and positive. This means that if auditors improve competence in each audit process, the prevention of fraud will also increase simultaneously.
- Researchers conducted research with the results of partial hypothesis testing that had been carried out in the t test for the independence variable showing that the t test results rejected H_0 . Judging from calculations performed with SPSS software, showed the value of $t_{\text{arithmetic}}$ greater than t_{table} ($2.292 > 2.012$) and the significance value $0.001 < 0.05$. This means that independence has a significant effect on audit fraud. Judging from the understanding that has been explained, it can be concluded that Independence has a considerable influence on Audit fraud. This statement is in line with the research that has been done. Independence has a positive influence on audit fraud, seen from the Multiple Linear regression, the t value for Independence is 2.292 and positive. This means that if auditors increase their independence in each audit process, the Audit

fraud that will be given will simultaneously increase.

- Researchers conducted research with the results of simultaneous hypothesis testing which was carried out in the F test for the Competency and Independence variables showing that the F test results rejected H_0 . Seen from the calculations carried out with SPSS software, the $F_{\text{calculated}}$ value is greater than F_{table} ($18.777 > 2.195$) and a significance value of $0.000 < 0.05$. That is, competence and independence have a significant effect on audit fraud in the KAP city of Bandung.

During the audit process, the auditor needs a lot of good experience and knowledge, from which the auditor can find out the financial condition in his client's financial statements. With the principle of independence, if there is a violation committed in the client's financial report, the auditor fraud and errors that have occurred. because the techniques that have been presented, independence and competence have an influence in producing the prevention of audit fraud, both in the process and in its output.

This study shows that auditor competence, auditor independence has a significant positive effect on fraud prevention. The results of this study are consistent with the research conducted by Alviani Sanjaya (2017) which pointed out that independence and audit risk have a significant impact on auditors' responsibility for detecting fraud, but professional skepticism, competence and auditor training do not affect auditors' discoveries. Liability for fraud has a major impact.

Conclusion

Conclusion

Sourced from the conclusion of the document analysis and study that has been given in the explanation of the previous material. The author draws several conclusions according to the identification of the problems raised as follows:

1. Competence has a significant effect on the prevention of audit fraud in KAP Bandung City, it states that the prevention of fraud after one of them depends on competence, the

higher the competence of the auditors the higher the resulting fraud prevention.

2. Indentendency has a significant effect on fraud prevention in KAP Bandung City, it identifies that fraud prevention depends on independence, the higher the independence of the auditor, the higher the fraud prevention that will be generated.
3. Competence and independence have a significant effect on fraud prevention in the city of Bandung, this indicates that the two variables, namely the competence and independence of the auditor, determine the prevention of fraud that occurs, the higher the competence and independence of the auditor, the higher the prevention of fraud.

Advice

1. For Public Accounting Firms

Auditors who work in public accounting firms must improve their competence and independence to prevent fraud that results in each assignment. Competency improvement can be done by: Professional education, Continuous professional development, including training. Trained by more experienced staff, for example: other members of the engagement team, KAP must also establish policies and procedures to provide adequate assurance that the KAP and its members have complied with the applicable professional ethics provisions and KAP members are also required to maintain their independence in accordance with ethical requirements the prevailing profession.

2. For Further Researchers

Data carried out for further research should be developed by means of observation and direct interviews with the parties concerned with the aim of being able to see the real situation.

A. Adding other variables or indicators in connection with statements regarding competence, independence and prevention of fraud audit fraud.

B. Increase the number of respondents and not only examine the Public Accounting Firm in Bandung and show the size of the Public Accounting Firm in Indonesia.

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