

THE EFFECT OF INDEPENDENCE AND RED FLAGS ON FRAUD DETECTION SKILLS THROUGH PROFESSIONAL SCEPTICISM

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Abstract

In recent years, corruption cases have continued to increase and involve high-ranking officials and lower officials both within the central government and local governments. Failure to detect fraud or fraud detection skills is one of the causes of the high rate of corruption. The purpose of this study was to determine and analyze the relationship between independence and red flags on the ability to detect fraud with professional skepticism as an intervening variable. This study uses a quantitative approach with 59 respondents from the Regency and City Government Internal Supervisory Apparatus (APIP) obtained through snowball sampling. Structural equation modeling (SEM) is used as a data analysis technique. The results showed that, independence affects fraud detection skills but has no effect on professional skepticism, red flags have no effect on fraud detection skills but affect professional skepticism and skepticism affects fraud detection skills. This study also examines the indirect relationship of variables with the results showing that independence has no effect on fraud detection skills mediated by professional skepticism and red flags have no effect on fraud detection skills mediated by professional skepticism.

Keywords: APIP, Fraud Detection Skills, Independence, Professional Skepticism, Red Flags

I. INTRODUCTION

Public attention has returned to auditors, especially government auditors. In 2022 there 579 cases with potential state losses of 42,7 trillion rupiah, potential bribes and gratuities of 693 billion rupiah, potential illegal levies and extortion of 11 billion rupiah and potential money laundering of 955 billion rupiah (Indonesian Corruption Watch, 2023). Financial accountability carry out by the government and allocated to work units and agencies must be audited by government auditors (Wulandhari & Kuntadi, 2022). The demand for accountability is demanded by the public and causes the importance of auditing government finances.

Government auditors consist of internal and external auditors. The internal auditors are responsible to carry out supervision and internal control systems over government administration and state financial management to ensure the achievement of government policies. Internal auditors are commonly called Government Internal

Supervisory Apparatus (APIP) consisting of the Financial and Development Supervisory Agency (BPKP), Provincial Inspectorate and Regency/City Inspectorate (Kamal *et al.*, 2022). Indonesian Corruption Watch has analyzed by comparing the 2022 findings with those of the previous five years (2018-2022). Figure 1 and 2 shows the trend of potential state losses and corruption in the village sector.

Figure 1
Trends in Potential States Losses

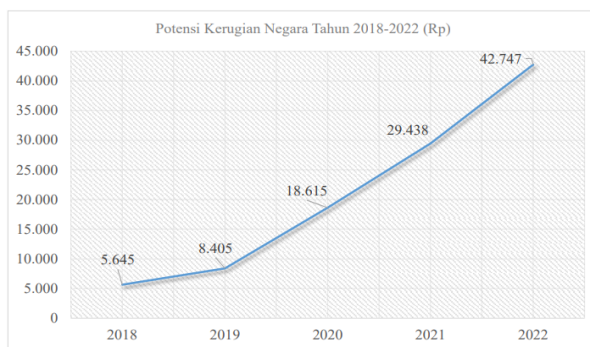
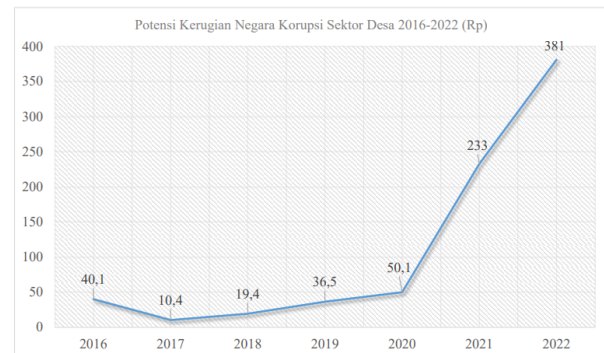


Figure 2
Village Sector Corruption



Source: Indonesian Corruption Watch, 2023

Figure 1 shows the increase in corruption cases every year from 2018-2022 and caused state losses of 43 trillion rupiah. State losses from the village sector amounted to 381 billion rupiah in 2022 as shown in figure 2 and increased by almost 600% from 2020 of 50 billion rupiah. Corruption currently involves high-ranking officials and lower officials both in the central government and local government. According to data from the State Personnel Agency, there are 2,357 corruptors who are still civil servants (Salsabila *et al.*, 2023a). Law No. 1 of 2004, Article 58, paragraph 2 concerning state treasury and Government Regulation No. 60 of 2008 concerning the Government Internal Control System (SPIP) to carry out internal supervision over state financial management. The number of corruption cases that have occurred today proves that the role of internal auditors in the government in fraud detection is very important. The implementation of supervision in local governments, both districts and cities, is carried out by the District/City Regional Inspectorate (Kamal, 2023).

The Government Internal Supervisory Apparatus (APIP) was chosen as the object of research because it is the agency responsible for supervising government financial reporting as mandated by Law UU No. 1 tahun 2004 dan PP No. 60 tahun 2008. The act of being impartial and not being influenced by anyone when conducting an examination is what is needed by an auditor because the more independent, the greater the auditor's ability to detect fraud (Frassasti & Respati, 2023). Statement on Auditing

Standards No. 82 states that auditors are responsible for finding misleading errors in financial matters. This makes auditors have to use their professional skepticism in carrying out audit procedures to identify fraud (Retna Sari & Stefanie Andrian, 2023).

The effectiveness of fraud identification requires the ability to find red flags which are unusual signals when fraud occurs (Zakaria & Setyahuni, 2023). The intervening variable to be studied is professional skepticism. Auditors must think critically in assessing evidence when determining risks and if there are misstatements. Professional skepticism mediates the influence of independence and red flags because several studies found that the independent variable has no effect on the dependent so that professional skepticism is interesting to study as an intervening variable (Gizta, 2020).

The theory used in this study is attribution theory which examines the factors that influence fraud detection skills (Citranagari, 2022). A person behavior has a combination of factors internal and external of himself. The external factor in this study is the auditor attitude when facing red flags. Theory of planned behavior assumes that behavior is determined by a person's desire to do something or not. Professional skepticism is based on this theory because of the auditor's attitude in evaluating and questioning the evidence of audit findings and his attitude to do something, namely expanding information searches and improving fraud detection capabilities.

Many studies have discussed fraud detection including research from Narayana & Ariyanto (2020) which shows the results explain about how red flags when it high can make better effect to find the fraud and research by Suci et al. (2022) which shows the results explain about how red flags have a positive effect on the auditor ability to detect fraud. Other research shows the results of research Meidiyustiani & Lestari (2023) that red flags have no effect on the auditor's ability to detect fraud.

Research Lanny & Utami (2023) shows the results that auditor independence, corporate governance expertise and EKR knowledge have a positive effect on the auditor's ability to detect financial statement fraud and research by Achmad & Galib (2022) have show professional scepticism, independence, red flags have a positive effect on the auditor's ability to detect audit fraud. Other research shows the results of research, namely professional scepticism, work experience, workload, red flags have a positive effect on the auditor's ability to detect audit fraud (Masri *et al.*, 2022).

Susilawati *et al.* (2022) found that red flags have no effect on the auditor's ability to detect fraud. Putri (2021) found that independence has a positive but insignificant effect on the auditor's ability to detect fraud, independence has a positive and significant

effect on professional skepticism and professional skepticism is a complete mediating variable between independence and the auditor's ability to detect fraud. Other research from Mustarikah & Agustia (2018) with the results of the study proves that the direct relationship between auditor independence has a significant effect on the auditor's ability to detect fraud, while the indirect relationship between auditor independence and the auditor's ability to detect fraud with professional skepticism has no significant effect.

In addition, Rahim *et al.* (2019) found that red flags and professional skepticism have a positive and significant effect on fraud detection, red flags and work experience have a positive and significant effect on professional skepticism and other results are professional skepticism is able to mediate the significant influence between red flags and auditor work experience on fraud detection. The researcher interesting to examine the relationship between independence and red flags on fraud detection skills and professional scepticism as an intervening variable. This study is expected give a contribution to the development of social science of auditing and can enrich the fraud detection skills literature and become a reference for further research.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Attribution Theory

Attribution theory is the grand theory in this research. In 1958, Fritz Heider developed attribution theory which explain how it causes of a person behaviour, the auditor doesn't have ability to detection some fraud in this case. In some context, attribution theory is used to explain auditor behaviour, performance appraisal and auditor decision making. This behaviour is caused by internal or external factors (Narayana & Ariyanto, 2020). The internal factors in question are factors that come from within a person while external factors come from outside a person, The internal factor in this study is independence and professional scepticism. The external factor in this study is the auditor's attitude when facing red flags. Attribution theory hopefully can answer the questions about social perception and self-perception. Red flags always come during an audit so the auditor must find how the red flags and make some conclusions about that red flags (Megawati, 2019).

2.2 Theory of Planned Behavior

Profesional scepticism is subjective so that auditors have different measures of scepticism depending on the auditor's have level of trust to the client and the auditor's own personality type. Theory of Planned Behavior (Fishbein & Ajzen, 1991) states that attitudes are basically positive or negative beliefs in showing certain behaviours so that

the intention to behave is determined by the attitude (Bahtiar et al., 2017). In this study, this theory is to support the explanation of the effect of scepticism on fraud detection. An auditor's skepticism can affect his desire to search for evidence and information that is increasingly broad and with his ability to recognise fraud.

2.3 Independence

Independence means being unbiased when taking a point of view. An auditor must have a mental attitude that cannot be controlled by other parties, independent, and free from any influence. Objective and fair judgement, honesty when considering facts is the auditor's attitude that reflects independence. Auditors must be independent both in fact and in appearance (Tjun et al., 2012). The attitude of independence has a very important influence because the audit report by the auditor can be trusted by government management and the public. If internal auditors are not independent, it is difficult for auditors to detect and prevent fraud. Stakeholders view the work of auditors to be meaningless if they are not independent when carrying out audits (Putra et al., 2021). Auditors must maintain an independent mental to maintain the quality of audit. Independence is divided into 4 main bases: the length of the relationship with the auditee, pressure from the auditee, peer review, and consulting services (Lauw et al., 2014).

2.4 Red Flags

Signs that are unusual and comes in the environment or attitude whose identifies fraud are a sign of red flags. Eventhough there are such symptoms, it is not necessarily fraud so the auditor needs to conduct an in-depth investigation. Red flags mean early warning or early warning for auditors to be on guard because of possible indications of fraud. Red flags are also commonly called fingerprints of fraud because in every fraud there must be certain signals (Susilawati et al., 2022). Red flags can indicate that fraud is occurring or has occurred so that auditors need to carry out activity procedures to confirm the situation. Evidence needs to be obtained by the auditor when fraud appears and not just make a red flags checklist (Edy et al., 2022). The red flags variable is taken from research Moyes et al. (2006) namely understanding the characteristics of pressure, audit information, unusual transactions, management supervision and information and accounting systems (Prakosa, 2019).

2.5 Professional Scepticism

Auditors demonstrate professional skepticism by thinking skeptically or exhibiting questionable behaviour. Additional audits and direct questions are forms of

auditor behaviour in following up the auditor's doubts to the client (Priantbara et al., 2022). Professional scepticism is very important for auditors when conducting audits and has multi-dimensional individual characteristics in the form of traits (Hurttt, 2010). The measure of scepticism uses the HPSS (Hurttt professional scepticism scale) by Hurttt (2010). HPSS is used to measure the nature of scepticism with a scale consisting of six characteristics namely questioning mind, delaying judgement, seeking knowledge, self-esteem, and interpersonal understanding. Lack of professional scepticism can lead to failure when recognising fraud and auditors can fail to act.

2.6 Fraud Detection Skills

Fraud is the act of a person or several people against the law and intends to gain benefits that can harm others (Pratama et al., 2019). Fraud detection skills are the ability of an auditor to recognise and identify all symptoms of fraud both from the company environment, accounting practices and financial records and a broad search for information (Fullerton & Durtschi, 2004).

2.7 The Effect of Independence on Fraud Detection Skills

The theory of attitude and behaviour is the basis for this study because a personal attitude and behaviour are determined by our attitudes related to beliefs about the consequences when performing social rules and habits that are commonly done. Auditors must have an honest and impartial attitude to any party so that auditors can improve fraud detection skills (Kusumawardhani, 2023). Independence is one of the important factors when carrying out an audit because if the government internal auditor is not independent, the audit report cannot be the basis for government management in making decisions (Salsabila et al., 2023). The attitude of independence has a very important influence because the auditor's audit report can be trusted by government management and the public. If the internal auditor is not independent, it is difficult for the auditor to prevent and detect fraud (Putra et al., 2021). Several studies have discussed the effect of independence on fraud detection skills and professional scepticism such as research from Wahidahwati & Asyik (2022) shows the results of research that auditor ethics (represented by independence and integrity) has a significant and positive influence to detection some fraud. (Salsabila et al, 2023) found independence has a positive and significant effect on the ability of government internal auditors to detect fraud. Rahayu & Gudono (2016) found that independence has a significant and positive influence on fraud detection skill.

H₁: Independence has a positive effect on fraud detection skills

2.8 The Effect of Independence on Professional Scepticism

An auditor on duty is not allowed to take sides in anyone's interests. The independence of an auditor will make the auditor professionally sceptical during the audit assignment regardless of certain parties (Fipiariny, 2019). Several studies have discussed the effect of independence on professional scepticism such as research Putri (2021) get the results of research that independence affects professional skepticism and this is in accordance with the gone theory put forward by Jack Bologne in 1993, namely the higher the independence, the more professional skepticism increases and looks for fraudsters and narrows the perpetrators' space. In addition, the effect of independence on professional scepticism was also studied by Wowor et al. (2021) showing the results of research that independence has an effect on professional scepticism.

H₂: Independence has a positive effect on professional scepticism

2.9 The Effect of Red Flags on Fraud Detection Skills

Attribution theory is again the basis of the seventh hypothesis because this theory is related to the observation of individual behaviour. This behaviour is caused by internal and external factors. Basically, humans tend to be consistent in taking attitudes and avoiding actions that are not in accordance with their attitudes. This theory explains red flags due to changes in the behaviour of fraudsters. If there are red flags when carrying out auditing tasks, an auditor must be more skeptical and obtain evidence findings to detect fraud through behavioural changes (Rahim et al, 2019). Red Flags are abnormal conditions and can signal fraud. Red flags also help auditors to detect conditions that specifically require a more in-depth audit examination. Therefore, the interpretation of self-perceived can motivate oneself to carry out in-depth audit procedures and will produce effective red flags. An auditor's ability to recognise red flags is a must-have skill (Zakaria & Setyahuni, 2023). Several studies on the effect of red flags on fraud detection skills include research Edy (2021) with the research results that red flags, competence and brainstorming have a significant influence on fraud detection. In addition, research Zakaria & Setyahuni (2023) found that there is a positive effect of red flags on fraud detection.

H₃: Red flags have a positive effect on fraud detection skills

2.10 The Effect of Red Flags on Professional Scepticism

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and avoiding actions are not enough in accordance their attitudes. This theory explains red flags due to changes in the behaviour of fraudsters. If there are red flags when carrying out auditing tasks, an auditor must be more skeptical and obtain evidence findings to detect fraud through behavioural changes. Red Flags are detected when signs and symptoms appear that are unusual and indicate fraud and need to conduct a more in-depth investigation. A cautious and critical attitude when auditing and dealing with evidence is an attitude of professional scepticism at their job. Professional scepticism will question the evidence and evaluate it critically so as to obtain relevant and accurate information (Rahim et al, 2019). Several studies on the effect of red flags on fraud detection skills include research Edy (2021) this study shows the results that red flags, competence and brainstorming have a significant effect on fraud detection, research by Indrasti & Karlina (2020) shows the results that red flags have a significant effect on fraud detection and research by Dari et al. (2021) shows the results that red flags have a significant effect on fraud detection. In addition, Zakaria & Setyahuni (2023) found that there is a positive effect of red flags on fraud detection.

H₄: Red flags have a positive effect on professional scepticism

2.11 The Effect of Professional Scepticism on Fraud Detection Skills

Theory of planned behavior can explain the relationship between attitudes and behaviour so that it supports the explanation of the effect of professional skepticism on fraud detection. An auditor's sceptical attitude that questions and critically evaluates audit findings and evidence can assist auditors in detecting fraud (Kamal, 2023). Several studies state that professional scepticism has a positive and significant effect on fraud detection skills including research from Iskandar et al.(2022) and research from Nazri et al. (2023) with the results showing that auditors who have the characteristics of professional scepticism in conducting audits can increase fraud detection in Malaysia, research by Nurleni et al. (2024) this study shows the results that professional scepticism have a significant effect on fraud detection. In addition, research from Wahidahwati & Asyik (2022) with the results of scepticism has a positive and significant effect on fraud detection.

H₅: Professional scepticism has a positive effect on fraud detection skills

2.12 The Effect of Independence on Fraud Detection Skills Mediated By Professional Scepticism

Attribution theory is the basis for this study to examine the factors that influence auditors to detect fraud. Professional scepticism is an internal factor of an auditor and

independence is an external factor. These two factors can assist auditors in detecting fraud (Putri, 2021). Government internal supervisory apparatus is required to detect fraud when carrying out examinations. Supervision from APIP can provide an early warning system for local government management (Kamal, 2023). Several studies state that independence has a positive and significant effect on fraud detection skills mediated by professional scepticism, including research Putri (2021) and Agustina et al. (2021) shows that professional scepticism is a complete mediating variable between independence and the auditor's ability to detect fraud.

H₆: Profesional scepticism mediate the relationship between Independence on fraud detection skills

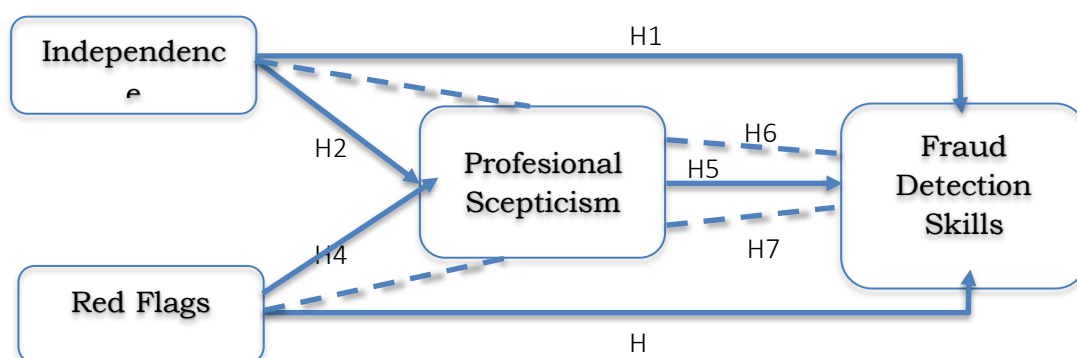
2.13 The Effect of Red Flags on Fraud Detection Skills Mediated By Professional Scepticism

Attribution theory is again the basis of the seventh hypothesis because this theory is related to the observation of individual behaviour. This behaviour is caused by internal and external factors. This theory explains the red flags due to changes in the behaviour of fraudsters (Rahim et al, 2019). If there are red flags when carrying out auditing tasks, an auditor must be more skeptical and obtain evidence findings to detect fraud through behavioural changes. The results of the study Rahim et al (2019) and research by Gizta (2020) found that red flags and training indirectly affect the ability of auditors to detect fraud through professional scepticism.

H₇: Profesional scepticism mediate the relationship between red flags on fraud detection skills

Based on the literature review and previous research, the conceptual framework is depicted as in Figure 3.

Figure 3
Research Model



III. RESEARCH METHOD

This research uses a quantitative approach with descriptive, causal, and explanatory analysis methods using instruments in the form of questionnaires and structural equation modelling Partial least square (SEM-PLS) analysis tools. PLS is a structural equation analysis that uses a simultaneous variant basis that can test the model while testing the structural model. The sampling technique uses snowball sampling, which is a sampling technique with a small number then the longer it becomes a lot. Snowball sampling refers to sampling methods used in human population studies where participants are asked to share the questionnaire with others. Probabilistic sampling designs, when implemented correctly, help minimize confounding and colliding effects in the outcomes. In such cases, the statistics derived from the sample are considered unbiased estimates of the overall population's characteristics. Although probabilistic designs are costly to implement, they are reliable for surveys intended to explore new phenomena in social sciences. However, the operational costs, such as labor expenses, still pose a significant challenge for conducting high-quality research, particularly for replication studies, monitoring efforts, and censuses (Cantone & Tomaselli, 2022). The population in research study were District and City Government Internal Supervisory Apparatus (APIP) 14.429 aparatus, 59 respondents were obtained. Measurement of variables using a Likert scale and questionnaires using google form and distributed via whatsapp application.

Independence is an attitude that cannot be influenced by other parties and has no personal interest in carrying out tasks when auditing. The variable measure uses the concept of Lauw which was developed in 2012 (Prakosa, 2018). In the research of Lauw et.al (2014) independence is divided into 4 main bases, namely the length of the relationship with the auditee, pressure from the auditee, peer review and consulting services as well as being indicators in this study.

Red flags are a sign of fraud. Red flags can be used as an indication of something odd. The red flags indicator is taken from research Moyes et al, (2006) namely understanding the characteristics of pressure, audit information, unusual transactions, management supervision and information and accounting systems (Prakosa, 2019).

Professional scepticism is a trait when someone always questions and then evaluates the findings during auditing. The variable measure uses the HPSS (Hurtt professional skepticism scale) developed by Hurtt (Kamal, 2023). HPSS is used to measure the nature of scepticism with a scale consisting of six characteristics, namely

questioning thoughts, delaying judgement, seeking knowledge, interpersonal understanding, and self-esteem.

Table 1
Respondent Characteristics

No	Description	Criteria	Frequency	Total
1	Gender	Male	31	59
		Women	28	
2	Age	<30	13	59
		30-35	9	
		36-40	10	
		>40	27	
3	Last Education	D3	5	59
		S1	46	
		S2	8	
4	Length of Service	1-5 Years	26	59
		6-10 Years	5	
		11-15 Years	8	
		>15	20	
5	Work Unit	Regional Inspectorate of Banyumas	39	59
		Regional Inspectorate of Banggai	2	
		Regional Inspectorate of Nganjuk	1	
		Regional Inspectorate of Pati	1	
		Regional Inspectorate of Mamuju	1	
		Regional Inspectorate of Tebo	1	
		Regional Inspectorate of Pekalongan	2	
		Regional Inspectorate of Muna Barat	1	
		Regional Inspectorate of Grobogan	1	
		Regional Inspectorate of Pangkep	1	
		Regional Inspectorate of Subang	1	
		Regional Inspectorate of Tanah laut	1	
		Regional Inspectorate of Mojokerto	3	
		Regional Inspectorate of Baubau	1	
		BPKP Province Maluku	1	
Inpektorat Province central java	1			
RSUP Dr. Sardjito Yogyakarta	1			

Source: Data Processed, 2024

The auditor's ability to expand the examination to obtain information is marked by the sensitivity of an auditor when recognising symptoms of fraud. The fraud detection

measure uses the concept of Fullerton and Durtschi in 2004. (Kamal, 2023). Fraud detection skills are the ability of an auditor to recognise and identify all symptoms of fraud both from the company environment, accounting practices and financial records and extensive information searches. (Fullerton & Durtschi, 2011).

IV. RESULTS AND DISCUSSION

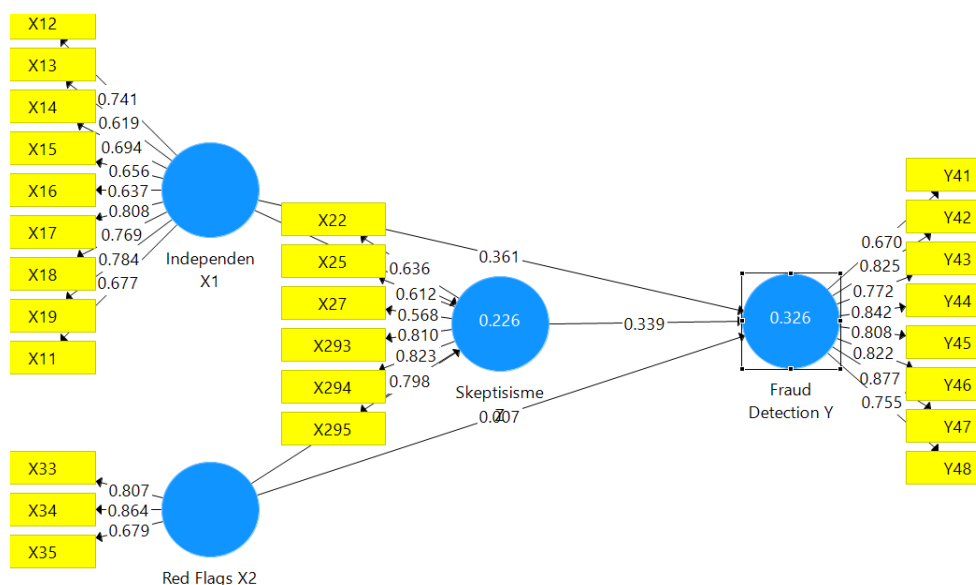
Researchers have distributed questionnaires and obtained answers to 78 questionnaires and 59 questionnaires are eligible for this study. Tabel 2 shows the results of the descriptive statistics of the study, a general minimum value of 15 and a maximum value of 70 with an average of 21,03 up to 52,07. The standard deviation value of the variables in general is 2,773 - 8,377. The data shows that the standard deviation value does not exceed the mean, this means that the data in this study is fine and can be processed further.

Table 2
Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Independence	59	27	45	41,02	3,826
Red Flags	59	42	70	52,71	5,681
Professional Scepticism	59	15	28	21,03	2,773
Fraud Detection Skills	59	22	60	45,56	8,377

Source: Data Processed, 2024

Figure 4
Bootstrapping Results



Source: Data Processed, 2024

Convergent Validity Test

The outer loading results in Figure 4 reveal the strength of the association between each observed variable, namely Independence, Red flags, Professional Skepticism, and the latent construct, namely Fraud Detection Skills.

Discriminant Validity Test

Discriminant validity is used to ensure the distinctiveness of the constructs in the study and is not overly correlated with other constructs. Discriminant validity uses two techniques, namely Fornell and Larcker criteria (Table 3) and Average Variant Extracted (AVE) (Rahadi, 2023). Discriminant validity tests (Table 4) can also be obtained from the Average Variant Extracted (AVE) value where the latent construct value is greater than 0,5 (AVE>0).

Table 3
Discriminant Validity Value

	Fraud Detection	Independence	Red Flags	Scepticism
Fraud Detection	0,799			
Independence	0,470	0,712		
Red Flags	0,372	0,567	0,787	
Scepticism	0,454	0,310	0,437	0,716

Source: Data Processed, 2024

Table 4
Average Variant Extracted (AVE)

Variable	AVE
Fraud Detection	0,638
Independence	0,508
Red Flags	0,620

Source: Data Processed, 2024

Reliability Test

The Cronbach's Alpha value is greater than 0,7 as well as the Rho A value. From table 5 the results show that all constructs have CR, Rho A and Cronbach's Alpha values above 0,7, meaning that the questionnaire is reliable (Rahadi, 2023).

Table 5
Composite Reliability, Rho A dan Cronbach's Alpha

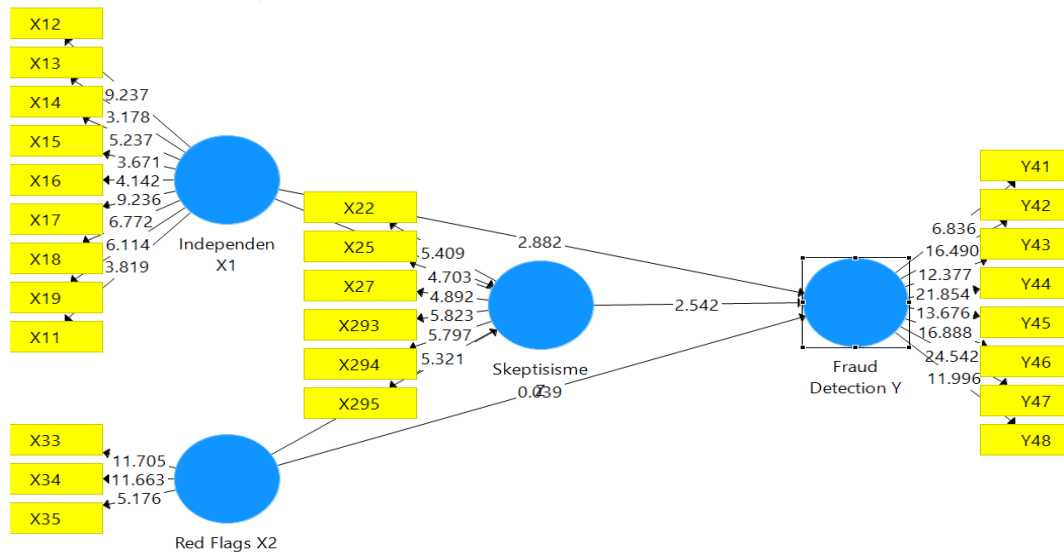
	Cronbach's Alpha	Rho_A	Composite Reliability
Fraud Detection	0,918	0,926	0,933
Independence	0,885	0,921	0,902
Red Flags	0,702	0,750	0,829
Scepticism	0,803	0,809	0,860

Source: Data Processed, 2024

Inner Model or Structural Modal Evaluation

The inner model test can be seen from the bootstrapping results and if the R-Square with a value of 0,67 is considered strong, 0,33 means moderate and 0,19 is week (Rahadi,2023). The inner model path diagram is shown in Figure 5.

Figure 5
Bootstrapping Results



Source: Data Processed, 2024

Based on Table 6, the R-Square value of Professional Skepticism is 0,226 or 26%, meaning that the Professional Skepticism variable can be explained by the independence and red flags variables by 26% and the remaining 74% is explained by other factors, this value is classified as weak because it is below 0,333. Then the R-Square value of Fraud Detection Skills is 0,326 or 0,33, meaning that the fraud detection skills variable can be explained by independence, red flags, and professional scepticism by 33% and the remaining 67% is explained by other factors, this value is considered moderate because it is 0,33.

Table 6
R-Square

	R Square	R Square Adjusted
Fraud Detection	0,326	0,290
Scepticism	0,226	0,198

Source: Data Processed, 2024

Path Coefficient Hypothesis Test

Hypothesis testing is based on available information and the researcher's beliefs about population parameters. The hypothesis testing process involves setting two

hypotheses, namely the null hypothesis and the alternative hypothesis (Rahadi, 2023). The results of hypothesis testing can be seen from direct effects and indirect effects: The variables that influence the dependent variable or the predicted variable directly and are statistically significant are five relationships in Table 7.

Table 7
Path Coefficients

Path		T-values	P-values
H1	Independen -> Fraud Detection	0.361	0.004
H2	Independen -> Scepticism	0.061	0.736
H3	Red Flags -> Fraud Detection	0.007	0.969
H4	Red Flags -> Scepticism	0.438	0.008
H5	Scepticism -> Fraud Detection	0.339	0.011

Source: Data Processed, 2024

Table 8
Indirect Effects

Path		T-values	P-values
H6	Independen -> Scepticism -> Fraud Detection	0,021	0,747
H7	Red Flags -> Scepticism-> Fraud Detection	0,149	0,091

Source: Data Processed, 2024

The value of the influence of the independence variable on fraud detection skills is positive and significant so that **H1 is accepted**, namely independence has a positive and significant effect on fraud detection skills. The value of the influence of the independence variable on professional skepticism is positive and insignificant so that **H2 is rejected**, namely independence has no effect on professional skepticism. The effect value of the red flags variable on fraud detection skills is positive and insignificant so that **H3 is rejected**, namely red flags have no effect on professional skepticism. The value of the influence of the red flags variable on professional skepticism is positive and significant so that **H4 is accepted**, namely red flags has a positive and significant effect on professional skepticism. The value of the influence of the professional skepticism variable on fraud detection skills is positive and significant so that **H5 is accepted** professional skepticism on fraud detection skills. The hypothesis regarding professional skepticism as a mediation between independence and fraud detection skills states that professional skepticism as a mediation is positive but not significant so that **H6 is rejected**. The hypothesis about professional skepticism as a mediation between red flags and fraud detection skills states that professional skepticism as a mediation is positive but not significant so that **H7 is rejected**.

The Effect of Independence on *Fraud Detection Skills*

This study proves that independence has a positive effect on fraud detection skills. This research also provides evidence for Attitude and Behavioural Theory (Triandis, 1971). The findings of this study are in line with research (Salsabila et al, 2023) namely independence has a positive and significant effect on the ability of government internal auditors to detect fraud and is also consistent with research (Salsabila et al, 2023). (Rahayu & Gudono, 2016) with the results of independence having a positive and significant effect on fraud detection.

The Effect of Independence on Professional Scepticism

This study proves that independence has no effect on professional scepticism. In the results of the loading factor value, both independence is considered good but the loading factor value of professional scepticism is low with many values below 0.7. The findings of this study are in line with research (Agus, 2020) with the research results in the t test results showing that the independence variable does not have a significant effect on auditor scepticism. This research is not in accordance with the theory, namely attitude and behavioral theory which underlies independence, ethics and leadership style. According to Ajzen (1975) attitudes can be learned and provide the basis for relationships with others and feelings for these relationships (Fipiariny, 2019).

This theory can explain auditor independence, namely honesty from oneself in seeing facts in the field and being objective in expressing and formulating their opinions. Independence in fact rests on honesty and objectivity. Independence is an objective, unbiased attitude and reports problems according to the actual situation. If we look at the object of research, namely APIP, namely government officials in the regional Inspectorate which is under the regent or mayor so that APIP has difficulty applying its professional skepticism because it has to supervise the work of the district or city government, of course it is difficult to apply independence (Gizta et.al, 2019).

The Effect of Red Flags on *Fraud Detection Skills*

This study proves that red flags have no effect on fraud detection skills. In the results of the low red flags loading factor value, many values are below 0.7. The findings of this study are in line with research Susilawati et al. (2022) with the results that red flags have no effect on the auditor's ability to detect fraud. Red flags are signs or signals that may lead to potential fraud. Red flags are odd or different conditions. Red flags show indications of something unusual or hints of fraud, when this research is rejected, it means that red flags do not always mean that fraud has occurred.

The Effect of Red Flags on Professional Scepticism

This study proves that red flags have a positive effect on professional scepticism. This research can provide evidence of attribution theory (Heider, 1958). Attribution theory explains the external influence, namely red flags, on the behaviour of an auditor. The results of this study can support attribution theory, namely red flags have a positive effect on professional skepticism. (Rahmi et al, 2019) with the results of red flags and work experience having a positive and significant influence on professional scepticism.

The Effect of Professional Scepticism on Fraud Detection Skills

This study proves that professional scepticism has a positive effect on fraud detection skills. Theory planned behavior can explain the relationship between attitudes and behaviour so that it supports the explanation of the effect of professional skepticism on fraud detection. An auditor's sceptical attitude that questions and critically evaluates audit findings and evidence can assist auditors in detecting fraud. The findings of this study are in line with research (Rahayu & Gudono, 2016) entitled factors that affect the ability of auditors to detect fraud: a mixed research with an explanatory sequential approach with the results of professional scepticism having a positive and significant effect on fraud detection. In addition, research from (Safira Indriyani, 2021) with the results of the ability to detect fraud significantly influenced by professional scepticism.

Independence has a positive effect on fraud detection skills mediated by professional scepticism

This study proves that professional scepticism as mediation between independence on fraud detection skills states that professional scepticism as mediation is positive but not significant. The findings of this study are in line with research (Mustarikhah, 2018) who found that professional scepticism cannot mediate independence through fraud detection skills. Independence is an objective, unbiased attitude and reports problems according to the actual situation. If we look at the object of research, namely APIP in the regional Inspectorate which is under the regent or mayor so that APIP has difficulty applying its professional scepticism because it has to supervise the work of the district or city government, of course it is difficult to apply independence (Gizta et.al, 2019)

Red flags have a positive effect on fraud detection skills mediated by professional scepticism

The hypothesis about professional scepticism as a mediation between red flags and fraud detection skills states that professional scepticism as mediation is positive

but insignificant. The findings of this study are in line with research (Brazel et al., 2022) the results of the study state that auditors try to avoid risk even though there are rewards and auditors try to avoid the risk of scepticism and reduce the auditor's sensitivity to red flags. Hypotheses six and seven show the same results, namely the hypothesis is rejected and if you look back at the respondents in this study, namely APIP who are under the Regent or Mayor, of course it will be difficult to apply professional scepticism even though there are high red flags and auditors try to reduce sensitivity when facing many red flags.

V. CONCLUSION

This research has several implications both theoretical and practical. This research also provides evidence for Attitude and Behavioural Theory. The originator of this theory is Triandis in 1971 developed a theory that underlies independence. Behaviour is determined by attitudes, habits and social rules. The results showed that independence has a positive effect on fraud detection skills. This theory can explain the independence of auditors, namely honesty from themselves in seeing facts in the field and being objective in stating and formulating their opinions so that an auditor is able to improve fraud detection skills.

The results of this study can support attribution theory, namely red flags have a positive effect on professional scepticism. This study provides evidence that Theory planned behaviour can explain the relationship between attitudes and behaviour so that it supports the explanation of the effect of professional skepticism on fraud detection. An auditor's sceptical attitude that questions and critically evaluates audit findings and evidence can assist auditors in detecting fraud.

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