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The Impact of Independence, Audit Experience, Competence and Red Flags on Auditors, Fraud Detection Ability

Ulfa Sahara[1], Ni Putu Eka Widiastuti[2]

[1] UPN Veteran Jakarta, Indonesia; ulfaaraa@gmail.com
[2] UPN Veteran Jakarta, Indonesia; putueka@upnvj.ac.id

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ABSTRACT

This study aims to examine the influence of independence, audit experience, competence, and red flags on auditors' ability to detect fraud. Data were collected through the distribution of questionnaires to auditors working at Public Accounting Firms across Indonesia. The respondents consisted of auditors currently employed in these firms. The findings reveal that independence, audit experience, and red flags do not have a significant impact on auditors' ability to detect fraud. However, the study demonstrates that competence significantly influences auditors' effectiveness in detecting fraudulent activities.

Corresponding Author:
Ulfa Sahara
UPN Veteran Jakarta, Indonesia; ulfaaraa@gmail.com

1. INTRODUCTION

Corruption remains a persistent and escalating issue within Indonesia's corporate and public sectors, posing significant threats to the nation's economic stability and institutional governance. Recent economic indicators demonstrate early signs of slowdown, where Indonesia's Gross Domestic Product (GDP) in 2024 recorded a growth rate of 5.03%, slightly lower than the 5.05% achieved in 2023. According to Indonesia Corruption Watch, corruption continues to rise, with 791 documented cases involving approximately 1,695 suspects throughout 2023. These acts are primarily driven by personal financial gain, causing substantial losses to the state and challenging regulatory and supervisory systems. Fraud, in this context, refers to dishonest actions committed to obtain unlawful benefits by manipulating information or engaging in activities that harm other parties (Siregar & Surbakti, 2020). The prevalence of corruption ultimately raises concern over auditors' capability to detect fraud effectively, contributing to audit failures and financial misreporting.

A prominent example emerged in early 2025 involving PT Aneka Tambang Tbk (PT Antam), a major mining company operating multiple business units, including the Gold Refining and Processing Business Unit (UBPP LM). The fraud scheme involved unauthorized collaboration in gold smelting and refining transactions between UBPP LM and its customers, resulting in state financial losses estimated at IDR 3.3 trillion. Despite this, PT Antam consistently received unqualified audit opinions, raising concerns about audit quality and the integrity of financial reporting. The failure to identify manipulation and misclassified revenue indicates potential weaknesses in professional judgment, independence, and fraud-detection competence among auditors. As Safira (2021) notes, limitations in fraud detection may significantly contribute to audit failure, particularly when independence is compromised.

Fraud detection capability is also closely related to auditors' ability to recognize red flags during the audit process. Findings from the Report to the Nations (2020) indicate that at least one behavioral red flag appears in 85% of fraud cases, while 49% of perpetrators exhibit multiple indicators. The average occupational fraud lasts approximately 14 months before detection, during which perpetrators commonly display identifiable behavioral cues. When supported by accurate and comprehensive client accounting records, red-flag analysis becomes an effective technique for identifying early signs of fraud.

Given the increasing complexity of fraud and its implications on financial reporting reliability, it is crucial to examine factors that influence auditors' fraud-detection capability. Therefore, this study aims to analyze the influence of auditor independence, audit experience, competence, and professional responsibility on auditors' ability to detect fraud. This research is expected to contribute to the ongoing discourse on audit quality and provide empirical evidence supporting the enhancement of auditor professionalism. Ultimately, improving these factors may strengthen auditors' role in preventing fraudulent practices and sustaining the credibility of financial reporting in Indonesia. The principal conclusion of this work anticipates that strong professional competence, independence, and responsibility significantly improve the effectiveness of fraud detection within audit engagements.

1.1. Problem Formulation

Based on the background previously described, the research problems identified in this study are as follows:

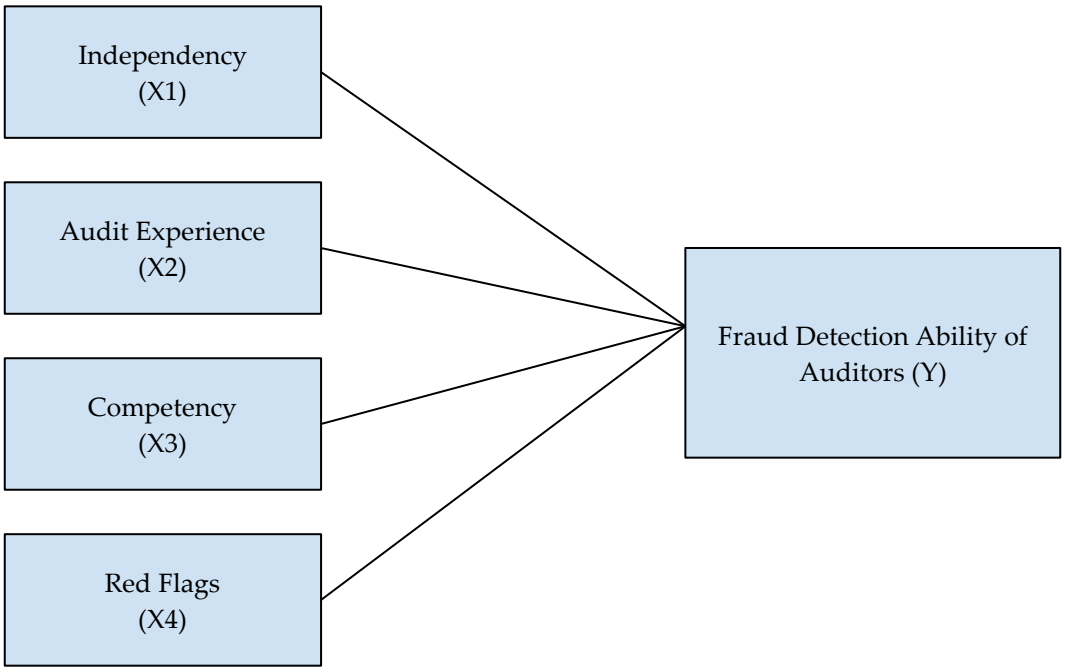
a. Does independence have a significant effect on auditors' ability to detect fraud?
b. Does audit experience have a significant effect on auditors' ability to detect fraud?
c. Does competence have a significant effect on auditors' ability to detect fraud?
d. Do red flags have a significant effect on auditors' ability to detect fraud?

1.2. Literature Review and Hypotheses Development

Auditors play a critical role in determining whether a company's financial statements are presented in accordance with applicable standards and regulations. Auditors are responsible for preventing and detecting fraud during the audit of financial statements. Misstatements in financial reports may arise from either fraud or error. Fraud differs from error in that it involves intentional actions that result in misrepresentation, whereas errors occur unintentionally (SA 240, Revised 2021).

Attribution Theory explains that human behavior is determined by a combination of internal and external forces. Internal forces refer to personal characteristics such as ability and effort, while external forces involve environmental influences such as task complexity or situational factors (Lubis, 2010, p. 90). In this research context, auditor behavior is influenced by internal factors—independence and competence—and external factors—audit experience and professional responsibility—which collectively shape the auditor's ability to detect potential fraud in financial reporting.

Agency Theory explains the contractual relationship between a principal, who delegates responsibilities, and an agent, who performs those responsibilities. Conflicts of interest often arise because principals and agents may have different goals, resulting in information asymmetry. In such situations, auditors act as independent third parties responsible for mitigating this conflict and ensuring that reported information is credible.



(Figure 1. Literature Review and Hypothesis Framework)

According to the Public Accountants Professional Standards (SPAP) SA 200 (Revised 2021), independent auditors are responsible for conducting audits in accordance with applicable auditing standards to increase users' confidence in the financial statements. Auditor independence is defined as a mental attitude free from influence, control, or dependence on any party (Intan et al., 2019). Independence ensures that auditors remain objective in detecting fraud and do not become complicit in concealment once fraud is identified (Marcellina, 2009). Based on this understanding, the following hypothesis is proposed:

H1: Auditor Independence Has a Significant Effect on Auditors' Ability to Detect Fraud.

Fraud in financial reporting may occur within a company; therefore, auditors' experience is necessary to detect both fraud and its underlying causes. Audit experience refers to an auditor's accumulated understanding of financial misstatements based on audit objectives and information system structures (Sukrisno, 2017, as cited in Nurwahyuni, 2021). Auditors with greater professional exposure and prior fraud detection experience possess broader insights, enabling them to identify irregularities more effectively (Safira, 2021). Accordingly, the following hypothesis is proposed:

H2: Audit Experience Has a Significant Effect on Auditors' Ability to Detect Fraud.

Based on the Professional Competency Standards for Public Accountants (SKPAP), auditor competence refers to the ability to apply professional knowledge in accordance with auditing requirements. In accordance with BPK Regulation No. 1 of 2017, competence includes education, knowledge, experience, and expertise relevant to auditing or other professional fields. Competence is considered a prerequisite for performing proper audit procedures, and an auditor who lacks adequate education and experience is considered unqualified to conduct an audit (Intan et al., 2019). Thus, competence is expected to enhance auditors' ability to identify fraudulent activities in financial statements. Based on this rationale, the following hypothesis is developed:

H3: Competence Has a Significant Effect on Auditors' Ability to Detect Fraud.

Red flags are signs or indicators that fraud may be occurring, and the likelihood of fraud increases when red flags are present (Intan et al., 2019). Red flags serve as warning signals to auditors when anomalies or unusual patterns arise during the audit process and act as a basis for further investigation

(Muzdalifah & Nur, 2020). Auditors who can recognize behavioral and transactional red flags are expected to detect fraud more effectively. Thus, the proposed hypothesis is:

H4: Red Flags Have a Significant Effect on Auditors' Ability to Detect Fraud.

2. METHODS

This study employs a quantitative research approach designed to examine the relationship between independence, audit experience, competency, and red-flag awareness with auditors' ability to detect fraud. The research procedure was conducted through survey-based data collection using structured questionnaires distributed to professional auditors across Public Accounting Firms (Kantor Akuntan Publik/KAP) in Indonesia. The respondents of this study consisted of auditors who met specific criteria, including a minimum of two years of professional auditing experience and a minimum educational qualification of a bachelor's degree (S1). The purposive sampling technique was applied to ensure the relevance and accuracy of respondent characteristics with the research objectives.

The study uses primary data collected through Likert-scale questionnaires containing structured statements adapted from prior validated measurement instruments. The dependent variable, Fraud Detection Ability, refers to an auditor's capability to identify dishonest acts intended to obtain financial benefit through manipulation of accounting records and harmful organizational practices. This variable was measured using items adapted from Ramadhany (2015) on a five-point scale.

The independent variables consist of four constructs. The first variable, Independence, reflects a mental attitude free from external influence, control, or dependence on others, ensuring that auditors can detect irregularities objectively and make unbiased professional judgments. The measurement scale for this variable was adapted from Nugrahaeni (2019). The second variable, Audit Experience, refers to the extent of auditors' accumulated professional exposure, including knowledge of financial statement errors, information system structures, and past fraud patterns, enabling them to identify irregularities more effectively. This variable was measured using indicators adapted from Novita (2019). The third variable, Competence, encompasses the auditor's knowledge, education, expertise, and experience relevant to audit practices and subject-matter areas. Measurement of this construct also refers to Nugrahaeni (2019). The fourth independent variable, Red Flags, represents the auditor's ability to recognize unusual behavior or anomalies during the audit process, which may signal potential fraud and encourage further investigation. This variable was measured using statements adapted from Muzdalifah and Nur (2020). All variables were measured on a five-point Likert scale ranging from strongly disagree to strongly agree.

Data analysis was conducted using statistical methods appropriate for hypothesis testing, including descriptive analysis and inferential testing to determine the significance of relationships among variables. The collected data were processed using statistical software to ensure accuracy, reliability, and validity of results in accordance with quantitative research standards. The methodological design of this study is expected to provide empirical evidence on factors influencing auditors' effectiveness in fraud detection and contribute to strengthening auditing practices in Indonesia.

3. FINDINGS AND DISCUSSION

The questionnaire for this research was distributed to auditors working at Public Accounting Firms (Kantor Akuntan Publik/KAP) through an online survey using Google Forms (https://forms.gle/XU6fLbkpZszT3u3j6). A total of 30 responses were successfully collected from auditors employed at 11 Public Accounting Firms, namely:

- Ernst & Young (EY), South Jakarta
- KAP Rintis Jumadi Rianto & Rekan
- KAP Razikun Tarkosunaryo
- KAP Kanaka Puradiredja, Suhartono
- KAP Luqman & Sarifuddin
- KAP Syarief Basir dan Rekan

- KAP Djoko, Sidik dan Indra
- KAP Siddharta Widjaja & Rekan (KPMG)
- KAP Abdul Hamid dan Rekan
- KAP Suryadi & Rizal
- KAP Drs. Heroe, Pramono & Rekan

3.1. Data Quality Testing

3.1.1. Validity Test

Table 1. Validity Test Results

Variabel	Person Correlation	r Table	Information
AUDITING CAPABILITIES TO DETECT FRAUD			
KF1	0,767	0,3610	VALID
KF2	0,833	0,3610	VALID
KF3	0,892	0,3610	VALID
KF4	0,674	0,3610	VALID
KF5	0,892	0,3610	VALID
KF6	0,915	0,3610	VALID
KF7	0,856	0,3610	VALID
KF8	0,817	0,3610	VALID
AUDIT EXPERIENCE			
AE1	0,715	0,3610	VALID
AE2	0,802	0,3610	VALID
AE3	0,613	0,3610	VALID
AE4	0,803	0,3610	VALID
INDEPENDENCE			
I1	0,796	0,3610	VALID
I2	0,683	0,3610	VALID
I3	0,874	0,3610	VALID
I4	0,871	0,3610	VALID
I5	0,720	0,3610	VALID
I6	0,866	0,3610	VALID
I7	0,898	0,3610	VALID
I8	0,918	0,3610	VALID
I9	0,864	0,3610	VALID
COMPETENCE			
K1	0,877	0,3610	VALID
K2	0,845	0,3610	VALID
K3	0,624	0,3610	VALID
K4	0,817	0,3610	VALID
K5	0,706	0,3610	VALID
K6	0,690	0,3610	VALID
K7	0,846	0,3610	VALID
K8	0,815	0,3610	VALID
K9	0,754	0,3610	VALID
K10	0,705	0,3610	VALID

Variabel	Person Correlation	r Table	Information
RED FLAGS			
RF1	0,854	0,3610	VALID
RF2	0,647	0,3610	VALID
RF3	0,878	0,3610	VALID
RF4	0,914	0,3610	VALID
RF5	0,839	0,3610	VALID
RF6	0,749	0,3610	VALID

The significance level used in this study is 0.05 ($\alpha = 5\%$) with a total of 30 respondents. The validity test was conducted by comparing the calculated correlation coefficient (r-count) with the critical value of the correlation table (r-table). With degrees of freedom (df) calculated as n - 2 = 28, the obtained r-table value is 0.3610. The results indicate that all measurement indicators have a Pearson correlation value greater than the r-table value (> 0.3610), which means that all questionnaire items in this study are declared valid.

3.1.2. Reliability Test

The reliability test was conducted to determine the consistency of the measurement instruments used in this study. The decision rule applied states that if the value of Cronbach's Alpha exceeds 0.70, then the variables are considered reliable; otherwise, they are deemed unreliable.

***Table 2**. Reliability Test Results*

Variabel	Cronbach's Alpha	Standard Alpha	Conclusion
Audit Ability to Detect Fraud	0,934	0,70	RELIABEL
Independence	0,946	0,70	RELIABEL
Audit Experience	0,719	0,70	RELIABEL
Competence	0,923	0,70	RELIABEL
Red Flags	0,900	0,70	RELIABEL

3.1.3. Descriptive Statistical Analysis

***Table 3.** Descriptive Statistics Results*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Independensi	30	9.00	38.00	18.2333	8.78354
Audit Experience	30	4.00	16.00	8.5333	2.62262
Kompetensi	30	10.00	40.00	21.0000	8.14523
Red Flags	30	6.00	24.00	13.1667	5.65126
Kemampuan Auditor	30	8.00	34.00	16.9667	7.74367
Valid N (listwise)	30				

Source: Processed Data, SPSS

Based on Table 3, the total number of observations (n) in this study is 30. The variable Auditors' Ability to Detect Fraud has a minimum value of 8 and a maximum value of 34. The mean score for this variable is 16.9667, with a standard deviation of 7.74367. A standard deviation lower than the mean indicates that there is no significant disparity in respondents' characteristics. This suggests that a smaller standard deviation reflects that the sample data values are closer to the mean, which is considered statistically favorable.

The Independence variable has a minimum value of 9 and a maximum value of 38. The mean score for this variable is 18.2333, with a standard deviation of 8.78354. Since the standard deviation is lower than the mean, it implies that there is no considerable variation in respondents' perceptions, and the smaller deviation reflects that the sample responses cluster closely around the mean value, indicating good data consistency.

The Audit Experience variable shows a minimum value of 4 and a maximum value of 16. The mean score is 8.5333, with a standard deviation of 2.62262. The standard deviation, being smaller than the mean, demonstrates limited variation in the responses. This suggests that respondents shared relatively similar levels of experience, indicating a favorable data distribution.

The Competence variable has a minimum value of 10 and a maximum value of 40. The mean score for competence is 21.0000, with a standard deviation of 8.14523. As the standard deviation remains below the mean value, it indicates minimal response dispersion, meaning the sample characteristics are relatively homogeneous, reflecting reliable measurement consistency.

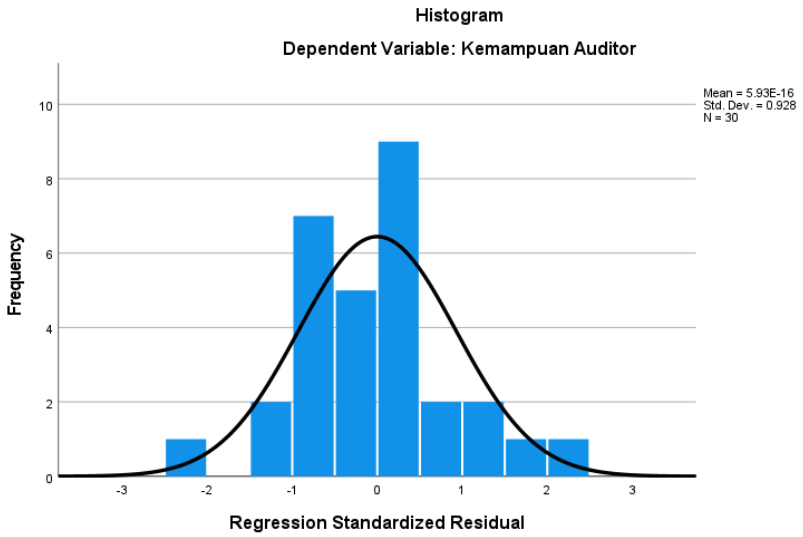
Finally, the Red Flags variable has a minimum value of 6 and a maximum value of 24. The mean score is 13.1667, with a standard deviation of 5.65126. Similar to other variables, the standard deviation being lower than the mean indicates that respondent responses are closely distributed around the average value, suggesting good response uniformity and reliable data patterns.

3.2. Classical Assumption Testing

3.2.1. Normality Test

The normality test in this study was conducted using three assessment methods: the histogram test, the Normal P-P Plot test, and the non-parametric Kolmogorov–Smirnov (K-S) test. The results of the normality testing using the histogram analysis are presented in the following figure:

Figure 1. Normality Test Result Using Histogram

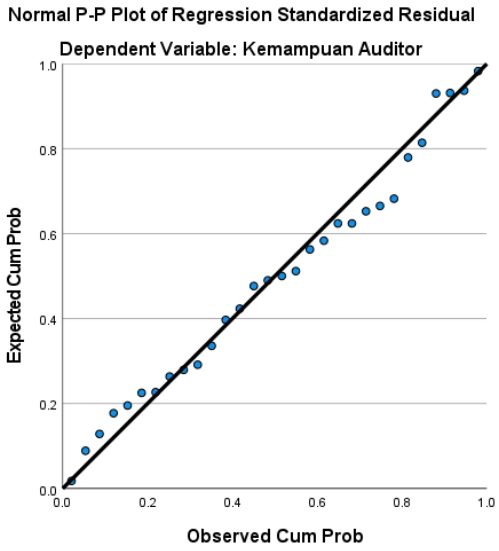


Source: Processed Data, SPSS

Based on Figure 1, the histogram curve appears to follow a bell-shaped pattern and does not lean significantly to the right or left. Therefore, it can be concluded that the data used in this study are

normally distributed, indicating that the regression model satisfies the classical assumption of normality. This result implies that the residual or error term in the regression model also follows a normal distribution. The normality test results using the Normal P-P Plot are presented in the following figure:

***Figure 2**. Normality Test Result Using P-P Plot*



3.2.2. Multicollinearity Test

Table 4. Multicollinearity Test Results

Model		Collinearity Statistic	
		Tolerance	VIF
1	(Constant)		
	Independensi	,128	7,808
	Audit Experience	,295	3,387
	Kompetensi	,304	3,294
	Red Flags	,136	7,360

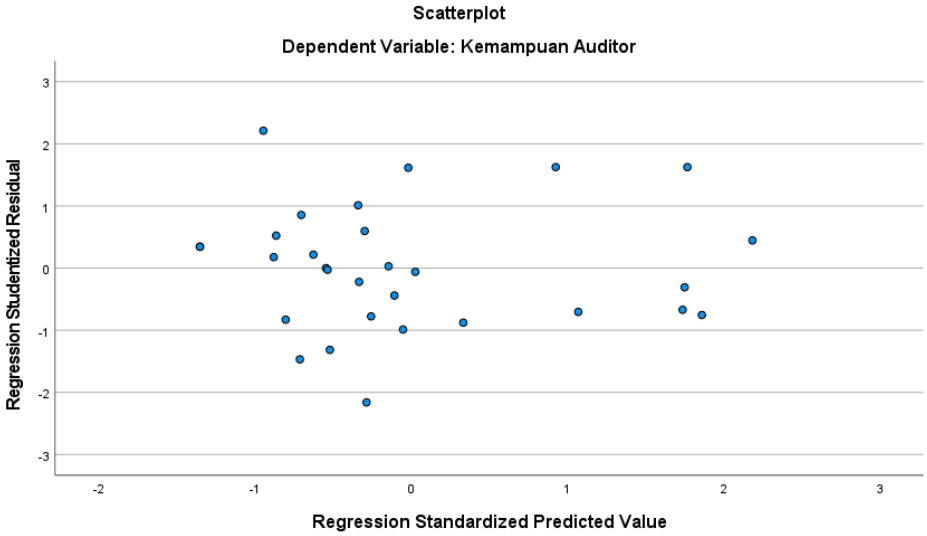
Source: Processed Data, SPSS

Based on the results presented in Table 4, the variables Independence, Audit Experience, Competence, and Red Flags show tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values less than 10. Therefore, it can be concluded that there is no multicollinearity among the independent variables used in this study. This indicates that the regression model does not experience issues related to multicollinearity, meaning the independent variables are not highly correlated with each other and can be used reliably in further regression analysis.

3.2.3. Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether there is variance inequality in the residuals from one observation to another within the regression model. In this study, heteroscedasticity was assessed using the scatterplot test and the Glejser test. The results of the scatterplot-based heteroscedasticity test are presented in the following figure:

Figure 3. Heteroscedasticity Test Result Using Scatterplot



Source: Processed Data, SPSS

Based on Figure 3, the plotted points appear randomly distributed without forming a specific pattern and are spread both above and below the zero point on the Y-axis. Therefore, it can be concluded that the regression model does not exhibit heteroscedasticity. This indicates that the variance of the residuals is constant, and the model fulfills the classical assumption of homoscedasticity.

3.3. Hypothesis Testing

3.3.1. Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) test is used to measure the extent to which the independent variables—Independence, Audit Experience, Competence, and Red Flags—simultaneously explain variations in the dependent variable, namely Auditors' Ability to Detect Fraud.

Table 5. *Results of the Coefficient of Determination (R^2)*

Model	Adjusted R Square
1	,869

Source: Processed Data, SPSS

Based on the results presented in Table 5, the Adjusted R Square value is 0.869, indicating that the independent variables—Independence, Audit Experience, Competence, and Red Flags—collectively explain 86.9% of the variation in the dependent variable, Auditors' Ability to Detect Fraud. The remaining 13.1% is influenced by other factors not included in this study.

3.3.2. t-Statistic Test

The t-statistic test was conducted to determine whether each independent variable—Independence, Audit Experience, Competence, and Red Flags—individually has a significant effect on the dependent variable, namely Auditors' Ability to Detect Fraud.

***Table 6**. Results of t-Statistic Test*

Model		t	Sig.
1	(Constant)	-,907	,373
	Independensi	1,171	,253
	Audit Experience	,216	,831
	Kompetensi	3,181	,004
	Red Flags	2.039	,052

Source: Processed Data, SPSS

To determine the critical *t-table* value, the formula df = n − k − 1 was used, where the number of research samples (n) is 30, the number of independent variables (k) is 4, the significance level is 0.05, and the degree of freedom (df) is calculated as 30 − 4 − 1 = 25. Based on these parameters, the *t-table* value at a 5% significance level is 2.05954.

The results of the t-test shown in Table 6 indicate that the *Independence* variable has a *t-count* of 1.171, which is lower than the *t-table* value of 2.05954, with a significance level of 0.253 (> 0.05). Therefore, it can be concluded that the Independence variable does not have a statistically significant partial effect on auditors' ability to detect fraud.

The results further show that the *Audit Experience* variable has a *t-count* of 0.216, which is lower than the *t-table* value of 2.05954, with a significance level of 0.831 (> 0.05). Thus, Audit Experience also does not have a statistically significant partial effect on auditors' ability to detect fraud.

The *Competence* variable demonstrates a *t-count* of 3.181, which is higher than the *t-table* value of 2.05954, with a significance value of 0.004 (< 0.05). Therefore, it can be concluded that the Competence variable has a statistically significant partial effect on auditors' ability to detect fraud.

Finally, the *Red Flags* variable has a *t-count* of 2.039, which is slightly below the *t-table* value of 2.05954, with a significance level of 0.052 (> 0.05). Based on these results, the Red Flags variable does not have a statistically significant partial effect on auditors' ability to detect fraud.

3.3.3. Multiple Linear Regression Model

The multiple linear regression model in this study was employed to examine the influence of the independent variables—Independence (X1), Audit Experience (X2), Competence (X3), and Red Flags (X4)—on the dependent variable, namely Auditors' Ability to Detect Fraud (Y).

***Table 7.** Multiple Linear Regression Model Results*

Model		Unstandarlized Coefficients		Standarlized Coefficients
		B	Std. Error	Beta
1	(Constant)	-1,690	1,863	
	Independensi	,194	,166	,220
	Audit Experience	,079	,365	,027
	Kompetensi	,369	,116	,388
	Red Flags	,509	,250	,372

Based on the results shown in the table, the multiple linear regression equation generated in this study is as follows:

$$Y = -1.690 + 0.194X_1 + 0.079X_2 + 0.369X_3 + 0.509X_4$$

Where:

- **Y** = Auditors' Ability to Detect Fraud
- $\mathbf{X_1}$ = Independence
- $\mathbf{X_2}$ = Audit Experience

- $\mathbf{X_3}$ = Competence
- $\mathbf{X_4}$ = Red Flags

This regression equation indicates the direction and magnitude of the influence of each independent variable on the dependent variable. The constant value of **-1.690** suggests that if all independent variables are assumed to be equal to zero, the baseline value of auditors' fraud detection ability would be -1.690. Furthermore, the regression coefficients for Independence (**0.194**), Audit Experience (**0.079**), Competence (**0.369**), and Red Flags (**0.509**) indicate a positive relationship with the dependent variable, meaning that increases in these variables are associated with an increase in auditors' ability to detect fraud.

3.4. DISCUSSION

3.4..1. The Effect of Independence on Auditors' Ability to Detect Fraud

The first hypothesis tested in this study examined whether independence has a significant effect on auditors' ability to detect fraud. Based on the results of the t-test, the Independence variable has a significance value of 0.253 with a t-count of 1.171, which is lower than the t-table value of 2.05954. Since the significance level is greater than 0.05 (0.253 > 0.05), it can be concluded that the Independence variable does not have a significant partial effect on auditors' ability to detect fraud. Therefore, the alternative hypothesis (H_1) is rejected.

This result suggests that although auditors may hold an attitude of independence, it may be influenced by unfavorable internal or organizational factors, reducing their ability to recognize fraud indicators effectively. The findings of this study are consistent with the research conducted by Astuti et al. (2019) and Islamiati (2024), which also found no significant effect of independence on fraud detection capability. However, this result contradicts the findings of Intan et al. (2019), who reported that independence significantly influences auditors' ability to detect fraud.

3.4..2. The Effect of Audit Experience on Auditors' Ability to Detect Fraud

The second hypothesis tested aimed to examine whether audit experience significantly affects auditors' ability to detect fraud. Based on the t-test results, the Audit Experience variable has a significance value of 0.831 and t-count of 0.216, which is lower than the t-table value of 2.05954. Since the significance level is higher than 0.05 (0.831 > 0.05), it can be concluded that audit experience does not significantly influence auditors' ability to detect fraud. Therefore, the alternative hypothesis (H_2) is rejected.

These findings indicate that many respondents in this study had relatively limited audit experience (less than 3 years), which may not yet provide sufficient exposure to fraud cases or advanced auditing scenarios. The results are inconsistent with prior studies by Nurwahyuni (2021) and Safira (2021), which found that audit experience has a significant effect on fraud detection ability.

3.4..3. The Effect of Competence on Auditors' Ability to Detect Fraud

The third hypothesis examined whether competence has a significant effect on auditors' ability to detect fraud. The results of the t-test show that the Competence variable has a significance value of 0.004 and a t-count of 3.181, which is higher than the t-table value of 2.05954. Since the significance value is below the 0.05 threshold (0.004 < 0.05), it can be concluded that competence has a significant partial effect on auditors' ability to detect fraud. Thus, the alternative hypothesis (H_3) is accepted.

This finding suggests that auditors with strong technical knowledge, adequate training, and professional expertise are better equipped to identify fraud indicators and assess irregularities in financial statements. The results are consistent with the findings of Intan et al. (2019), who reported that competence significantly improves auditors' fraud detection capabilities.

3.4..4. The Effect of Red Flags on Auditors' Ability to Detect Fraud

The fourth hypothesis tested whether red flags significantly affect auditors' ability to detect fraud. The t-test results show that the Red Flags variable has a significance value of 0.052 and a t-count of 2.039, which is slightly below the t-table value of 2.05954. Since the significance value exceeds the 0.05 threshold (0.052 > 0.05), it can be concluded that the Red Flags variable does not have a significant partial effect on auditors' fraud detection ability. Therefore, the alternative hypothesis (H_4) is re

These results indicate that auditors in this study may not have been sufficiently able to identify behavioral or transactional anomalies that may serve as early indicators of fraud. This may reflect limited exposure to fraud detection techniques or insufficient analytical assessment during the audit process. The findings contradict the study by Muzdalifah & Nur (2020), which concluded that red flags significantly contribute to auditors' fraud detection capability.

4. CONCLUSION

4.1. Conclusion

Based on the results of data analysis and hypothesis testing, the conclusions of this study are as follows:

a. Independence does not have a significant effect on auditors' ability to detect fraud.
b. Audit experience does not have a significant effect on auditors' ability to detect fraud.
c. Competence has a significant effect on auditors' ability to detect fraud.
d. Red flags do not have a significant effect on auditors' ability to detect fraud.

These findings indicate that among the variables examined, competence is the only factor that significantly contributes to enhancing auditors' ability to identify and detect fraudulent activities within financial reporting.

4.2. Recommendations

Considering the limitations of this study, the following recommendations are proposed:

a. Future researchers are encouraged to increase the number of research samples and expand the scope of the study to include additional audit firms or industries. A larger and more diverse sample may provide stronger empirical evidence, particularly regarding the influence of independence, audit experience, and red flags on fraud detection ability.
b. For auditors working at Public Accounting Firms (KAP), it is recommended to enhance awareness and understanding of fraud indicators and red-flag behaviors to strengthen their ability to detect potential fraud risks. Improving practical exposure, continuous training, and professional development may help auditors better identify irregularities and contribute to more effective fraud detection processes.

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