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Research Article

Impact of Audit Experience and Professional Education on Fraud Detection of Public Accountant Office in North Sumatra

Ilham Ramadhan Nasution[1], Erlina[2], Iskandar Muda[2], Agung Wahyudhi Atmanegara[2]
Universitas Dharmawangsa[1], Universitas Sumatera Utara[2]
Email : ilham.nst@hotmail.com

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ABSTRACT

The aim of this study is to empirically test the effect of work experience and professional education on fraud detection. The research approach is associative, meaning it tests the effect of independent variables on dependent variables. The population for this study consisted of KAP auditors in North Sumatra in 2024, totaling 76 auditors. A sample was selected using an accidental sampling technique, where respondents were chosen randomly from those who were willing to participate, resulting in 63 respondents. The data analysis technique used was Structural Equation Modeling (SEM-PLS). The findings of this study show that audit experience has a significant impact on fraud detection ability. It can be concluded that individual audit experience plays an important role in influencing and enhancing an auditor's fraud detection ability. Professional education for auditors also significantly affects fraud detection. This indicates that individual professional education plays a key role in influencing and improving an auditor's fraud detection. Therefore, it can be concluded that Auditor Professional Education, individually, plays an important role in influencing and improving an auditor's ability to detect fraud. Audit experience and professional education greatly affect the level of auditor's ability to detect fraud in clients. The better the audit experience and the higher the professional education, the better the auditor's ability to detect fraud

Keywords: *Audit Experience, Professional Education and Fraud Detection*

Introduction

Auditors play a crucial role as controllers and guardians of public interest, particularly in the financial sector. In carrying out their audit role, auditors are performing audits to obtain sufficient assurance that the financial statements are free from misrepresentation errors. Auditors must be supported by adequate competence in audit techniques as well as other competencies that are essential for the audit process. These competencies are acquired through both formal and informal education, as well as through practical experience in auditing (Ocak, Ozkan & Can, 2022). Auditors must be capable of gathering and assessing evidence to support the judgments they make. The evidence collected must be sufficient to persuade the auditor in forming and providing their audit opinion.

The responsibility for the preparation and presentation of financial statements lies with the company's management. To assess the fairness and reliability of these financial statements and ensure their credibility, management requires the services of an independent third party—an auditor—who meets professional qualifications and works based on adequate education and experience (Barth & Schipper, 2008). Consistency in the presentation of financial statements for public companies is crucial because the annual financial statements of public companies serve as publicly available financial information for stakeholders such as investors, potential investors, creditors, and other users. This information will be analyzed to support decisions regarding investments, credit, or other matters. For this information to be analyzed using existing techniques, the financial statements must maintain consistency in their presentation (Revsine, Collins & Johnson, 2021).

Inconsistency in presentation can hinder the use of analytical tools and may even lead to misleading analysis. Therefore, the financial statements of public companies must be audited by independent auditors (Roszkowska, 2021). The standard of consistency is not a rigid one; when a company selects an accounting method or principle, its application should remain consistent. However, the company may change its accounting methods or principles to

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align with the current conditions of the business. Possible changes include changes in accounting principles, estimates, reporting entities, or accounting errors. Accounting errors refer to mistakes such as mathematical miscalculations or errors in applying an accounting principle. Accounts that may experience changes in accounting principles and estimates include: receivables, inventory, fixed assets, intangible assets, and revenue. These changes may occur due to modifications in methods for writing off uncollectible receivables, methods for determining uncollectible receivables reserves, and estimates for obsolete inventory. Changes can also occur in inventory valuation methods, depreciation methods, amortization methods, and estimates for determining useful lives and residual values, as well as in methods for recognizing revenue (Golmohammadi et al., 2021).

Changes to accounts other than those mentioned above, or changes due to accounting errors, may indicate an initial sign of inaccuracies in the audit process (fieldwork). These inaccuracies could be caused by factors such as: (1) the auditor not performing their duties carefully and thoroughly in the field, coupled with ineffective supervision, resulting in mathematical miscalculations in the prepared financial statements; (2) the auditor misinterpreting transaction facts, leading to errors in applying accounting principles; (3) the auditor performing the audit based on materiality and sampling. Although this is allowed by standards, there is a risk of failing to detect immaterial transaction facts from prior periods that become material in the current period. When such facts are discovered in the current period, the auditor is required to correct or restate the financial statements of previous periods; (4) deliberate actions by both the auditor and management to mislead financial statement users by reclassifying accounts in the previous year's financial statements when presented for comparison with the current period's financial statements (Baumüller & Sopp, 2021). This is possible because financial statements are published with a comparison of two periods.

Based on the explanation above, two important conclusions regarding inconsistencies in the presentation of financial statements can be drawn: (1) indications of violations of standards and (2) inaccuracies in the audit process. The audit performed by auditors is not conducted without established standards, but rather follows the generally accepted auditing standards. When conducting an audit, auditors do not generally examine all transactions and evidence in a company because it would require a significant amount of time and cost. One of the audit strategies employed by auditors to assist in completing their examination tasks is sampling, which involves examining only a portion of the financial statement items, less than 100%. In other words, sampling is an examination of a subset of the population. The selected sample can assist auditors in designing an efficient sampling method, assessing the sufficiency of audit evidence, and evaluating the results of the sample. Adequate competence and sufficient experience are expected to contribute to drawing reliable conclusions that can be trusted (Rahim, S., & Wahyuni, 2022).

In accordance with the General Standards of Auditing, accountants are required to carefully and diligently use their professional skills in performing the audit. This standard mandates a detailed examination of the work performed by management/entities and oversight of the work done by other auditors assisting in the audit process (Alsughayer, 2021). Another area not explored in previous auditing research is the use of intuition. Intuition is a passive form of representation that allows us to sense relationships between representations, which limits empirical knowledge to sensory experience by requiring the appearance of space and time. Previous research on this topic has shown that expertise involves the use of schemata to organize knowledge. The sharpness of intuition, which reflects the established knowledge schema, is also considered a characteristic of an expert (Hamdam et al., 2022). Expertise has become an important focus for auditors performing audit tasks. Domestic scandals indicate that both auditor professional education and audit experience have not yet fully demonstrated their proper functions and responsibilities. This is evident in the actions being taken by the Honorary Council of the Indonesian Institute of Accountants (IAI) against 10 public accounting firms for violations, following the government's objections to the warning plus sanctions that had been imposed.

Literature Review

Fraud Detection

Knowledge about fraud is essential in fulfilling the auditor's responsibilities according to fieldwork standards. This knowledge is also required in relation to the formulation of the standard audit report (Ali et al., 2022). In this context, auditors have a responsibility to detect fraud and irregularities. Fraud (error) refers to misstatements or the omission of amounts or disclosures in financial statements that are unintentional (Al-Hashedi & Magalingam,

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2021). Fraud can take the following forms: (a) fraud in the collection or processing of accounting data used as the basis for preparing financial statements; (b) accounting estimates that are incorrect due to mistakes or misinterpretations of accounting principles related to amounts, classifications, presentation, or disclosure (Chatterjee, Das & Rawat, 2024).

Fraud detection ability refers to the process of finding evidence of fraud, which can be achieved through a well-designed internal control system, supervision, monitoring, and actively seeking out fraud evidence (Khalid et al., 2024, Janrosl et al., 2025). The ability to detect fraud is an effort to obtain sufficient early indications of fraudulent actions, while simultaneously limiting the opportunities for fraud perpetrators (Baesens, Höppner & Verdonck, 2021). Motie & Raahemi (2024) also add that, in fraud detection, most fraud evidence is indirect evidence.

An auditor's knowledge of fraud begins with the acquisition of information through books and lectures in auditing courses. An auditor's knowledge deepens as an accountant works as an auditor (Purba, 2021). Factors influencing the development of an auditor's knowledge through audit experience include discussions about audits, seminars, supervision and review of work by supervisory auditors, training programs, follow-ups, inspection programs, and the use of audit guidelines

Audit Experience

The influence of experience on knowledge is crucial for fulfilling an auditor's responsibilities in meeting general audit standards. An auditor's knowledge begins with formal education and is further developed through subsequent experiences in audit practice (Li, Yang & Zai, 2024). Experience is a learning process and the development of behavioral potential, whether from formal or informal education, and can be understood as a process that leads an individual to a higher level of behavior. Learning also involves relatively precise changes in behavior caused by experience, understanding, and practice (Wahidahwati & Asyik, 2022).

Audit experience is the accumulation of everything gained through interaction (Agustina & Rusydi, 2021). It can also be defined as the experience gained from performing financial audits, both in terms of the duration of time and the number of assignments handled. Experience helps a public accountant become familiar with the situations and circumstances in every assignment (Ximenes & Guntur, 2023). Auditor work experience has been viewed as an important factor in predicting the performance of public accountants, making experience a key requirement for obtaining a license to become a public accountant (Alsughayer, 2021).

Audit experience can reduce the effect of recent events on the auditor's judgments. This aligns with the theory that suggests more experienced auditors are less sensitive to specific types of evidence, especially when it comes to negative or positive evidence. Audit experience allows an auditor to map information effectively, preventing them from getting trapped by the order in which information is received (Griffith, Rousseau & Zehms, 2023).

Auditor Professional Education

An auditor must possess the knowledge, skills, and other competencies necessary to carry out their responsibilities. Auditors must ensure that their educational background and technical competence are adequate for the audit work to be performed. Therefore, an auditor must demonstrate adequate performance in terms of education and experience when fulfilling their role in the work environment (Hegazy, Hegazy & Eldeeb, 2022). Education and training are key factors in human resource development. Not only do education and training enhance knowledge, but they also improve work skills, which in turn can boost productivity (Thottoli, 2021).

Professional education is an essential requirement for an auditor who undergoes a competency exam. The professional accountant exam is a certification activity that assesses professional competency, resulting in the issuance of a competency certificate and/or a certificate of passing the public accountant professional exam organized by the Institute in accordance with the applicable regulations. This certification aims to obtain members who possess the professional qualifications necessary to perform roles as public accountants or other related roles (Kooli & Abadli, 2022). Education is a process that teaches specific knowledge, expertise, and attitudes, enabling auditors to become more skilled and capable of fulfilling their responsibilities more effectively, in line with standards. Typically, education refers to the development of work-related skills that can be immediately applied (Chiang, Wells & Xu, 2021).

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Hypotesis Development

The influence of experience is crucial for an auditor to fulfill their responsibilities in meeting general audit standards. An auditor's knowledge begins with formal education and is expanded through subsequent experiences in audit practice. To meet the requirements as a professional, auditors must undergo sufficient technical training. A person with more experience in a specific field tends to have more items stored in their memory. An auditor's experience influences their knowledge structure regarding the different types of fraud they are aware of (Ximenes & Guntur, 2023; Li, Yang & Zai, 2024).

Audit experience can reduce the effect of recent events on the auditor's judgment. According to Bouwman and Bradley's theory (1997), it is stated that more experienced auditors are less sensitive to certain types of evidence, especially when it comes to negative or positive evidence (Agustina & Rusydi, 2021; Griffith, Rousseau & Zehms, 2023). Audit experience allows auditors to map information effectively, preventing them from getting trapped by the order in which information is received. It is said that review mechanisms can reduce bias because the effect of recent events in evaluating internal controls is reduced compared to without a review method. A review mechanism conducted in a group setting can also reduce bias because the effect of recent events on the assessment of a company's survival is minimized.

Relying solely on the number of years of experience as a measure of expertise for audit accountants is less accurate. Audit expertise is the ability to detect fraud, which is an integral part of an auditor's competency (Agustina & Rusydi, 2021; Wahidahwati & Asyik, 2022).

H1: Audit Experience has an influence to fraud detection

Fraud is often discovered through its sources, which originate from individuals or departments where the fraud occurs. Another characteristic is the underlying cause of the fraud, which is related to the control procedures needed to detect the fraud. An auditor is required to be able to detect fraud in the financial statements they examine; therefore, experience and expertise are essential for an auditor (Kooli & Abadli, 2022; Chiang, Wells & Xu, 2021).

The Professional Education of an Auditor represents an individual with extensive procedural knowledge and skills demonstrated through audit experience. A skilled auditor is one who possesses the necessary knowledge, skills, and other competencies to perform their responsibilities. According to the criteria, an auditor must have at least a Bachelor's degree (S1) or its equivalent; have competencies in auditing, accounting, public administration, and communication; hold a Functional Auditor Certification (JFA); and engage in continuous professional education and training (Hegazy, Hegazy & Eldeeb, 2022).

H2: Professional Education has an impact on fraud detection

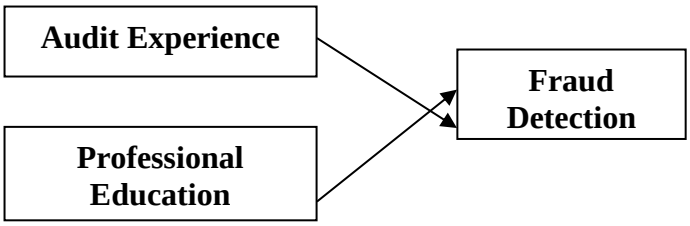


Figure 1. Conceptual Framework

Metholdology

The type of research conducted in this study is quantitative research with a causal relationship dimension (causal effect), which means the research is carried out on facts to empirically prove the effect of one variable on another. This research aims to investigate the phenomenon of how work experience and professional education influence fraud detection. The analysis is conducted using multiple regression analysis. The population in this study

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consists of all auditors at public accounting firms (KAP) in North Sumatra, totaling 76 auditors. The sampling technique used is census sampling, where the entire population of 76 auditors is taken as the sample for the study.

Table 1. Operational Definition of Variables

No	Variable	Defenition	Indicator	Scale
1	Audit Experience (X1)	Audit experience refers to the ability possessed by an auditor or examining accountant to learn from past events related to the intricacies of audits or examinations. This experience is gained through exposure to various situations and challenges encountered during previous audit engagements, enhancing the auditor's skill set and capacity to effectively identify and address issues in future audits	1. Length of employment 2. Task intensity and career development 3. Work competency 4. Decision-making 5. Learning from others' experiences.	Interval
2	Professional ism Education (X2) (sumber, IAPI, 2016)	Professional education is an essential requirement for an auditor who has passed the competency exam stages. The accountant's professional exam is a certification activity for professional competency, manifested in the issuance of a competency certificate and/or a certificate of passing the public accountant professional exam, organized by the Institute based on the applicable regulations. The aim is to obtain members who possess the professional qualifications to perform the role of a public accountant or other relevant roles in the field.	1. Basic Level Examination 2. Professional Level Examination 3. Advanced Level Examination	Interval
4	Fraud (Y) (Sumber, Sahat 2009)	Fraud refers to a misstatement or the omission of amounts or disclosures in the financial statements that occur unintentionally	1. Fraud within a business organization 2. Fraud in the authorization system and recording procedures 3. The potential for unhealthy practices to occur	Interval

Sumber : Agustina & Rusydi (2021), Griffith, Rousseau & Zehms (2023), Kooli & Abadli (2022)

The data needed for this study were gathered using primary data, obtained from auditors in North Sumatra. A questionnaire was used as the tool, containing various questions related to the variables under investigation. The data collected from the questionnaire will then be analyzed using Structural Equation Modeling (SEM).

Result

The distribution of questionnaires to respondents was carried out directly with auditors working at Public Accounting Firms in North Sumatra, which total 19 firms. The questionnaires were distributed from April 5 to July 8, 2024, and were collected directly from auditors who were encountered and willing to fill out the questionnaire. A total of 76 questionnaires were distributed to the respondents. After the distribution of 76 questionnaires, 63

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completed questionnaires were returned. This study has a response rate of 93.33%. The details of the distribution and return of the questionnaires are shown in the following:

Table 2. Sample and Rate of Return

Information	Sample
Questionnaires distributed to respondents	**76**
Unresponsive questionnaire	**(13)**
Questionnaire responded by respondents	**63**
Questionnaire Return Rate	**82,89%**

Source: processed primary data (2024)

Outer Model

Outer model testing is used to see the construct validity of each variable as seen in the image below:

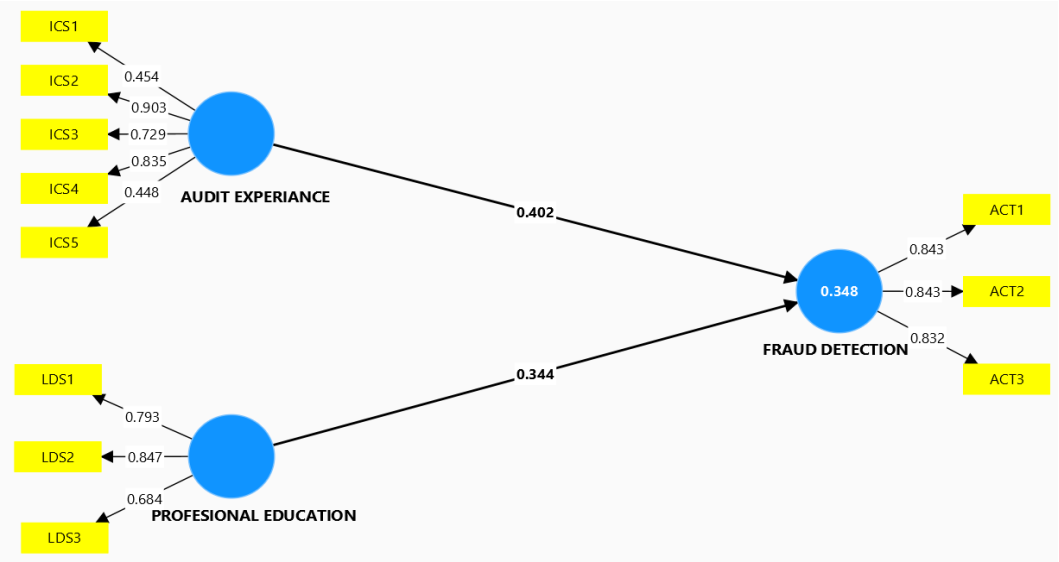


Figure 2. Loading Factor

Figure 2 showing several indicators have an outer model value, or a correlation between the construct and the variable, of less than 0.60, which need to be eliminated. Below is the updated model after removing the invalid indicators.

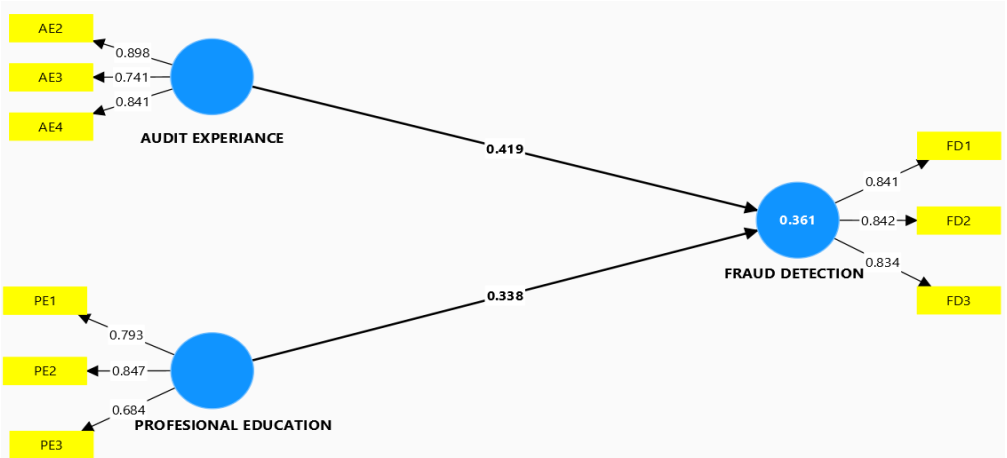


Figure 3. Loading Factor after elimination

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The results of the analysis using SmartPLS can be seen in figure 3. After the elimination process, the outer model value, or the correlation between the construct and the variable, now meets the criteria for convergent validity, as the indicators with loading factor values above 0.60 are considered valid. Therefore, the analysis can proceed to the next stage.

Reliability Testing

Discriminant validity is performed to ensure that each concept of the latent variable is distinct from other variables. A model demonstrates good discriminant validity when the loading value of each indicator for a latent variable is higher than the loading values of other latent variables.

Table 3. *Average Variance Extracted*

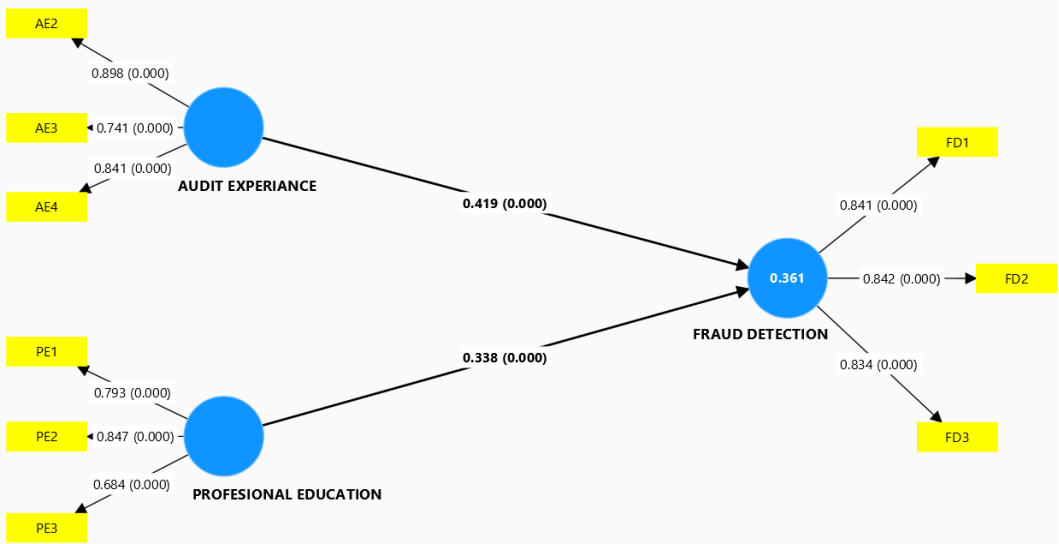
	Cronbach's alpha	Average variance extracted (AVE)
AUDIT EXPERIENCE	0.769	0.688
FRAUD DETECTION	0.790	0.704
PROFESSIONAL EDUCATION	0.755	0.605

Source: Smart-PLS4

Table 3 shows that each variable construct has met the reliability requirements. This conclusion can be seen from the reliability value > 0.70 and the value of AVE > 0.50, so the reliability requirements are met.

Hypothesis Testing

Structural model analysis is conducted to analyze the relationship between construct values. This structural model will be evaluated using the R-square value on the dependent variable.



Source: Smart-PLS4

The image above shows that the R-square value obtained is 0.361, or 36.1%. This result indicates that 36.1% of the variation in fraud detection can be explained by the variables of Audit Experience and Professional Education. Below are the results of hypothesis testing using the bootstrapping method.

Table 4. Bootstrapping Test Results

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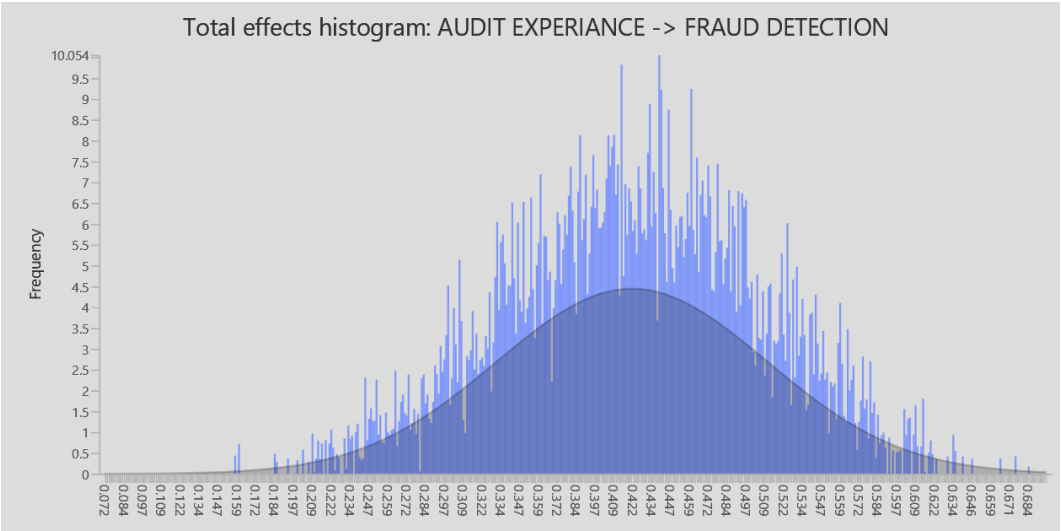
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	T statistics (o/stedev)	P values
AUDIT EXPERIENCE -> FRAUD DETECTION	4.668	0.000
PROFESSIONAL EDUCATION -> FRAUD DETECTION	3.864	0.000

Source: Smart-PLS4

Table 4 showing the t-statistic value obtained is 4.668 > 1.966 and probability 0.000 < 0,05. This indicates that the variable Audit Experience (X1) has a significant effect on Fraud Detection. Therefore, the factor of Audit Experience contributes to Fraud Detection. Below is the graph illustrating the influence of Audit Experience on Fraud Detection.



The graph above shows the distribution of data on the influence of Audit Experience on Fraud Detection, which appears to be centered and has a random spread. This indicates that Audit Experience has an effect on Fraud Detection. The random distribution suggests that while there is a significant relationship, the effect of Audit Experience on Fraud Detection may vary across different observations, but the overall trend supports the hypothesis that Audit Experience influences Fraud Detection.

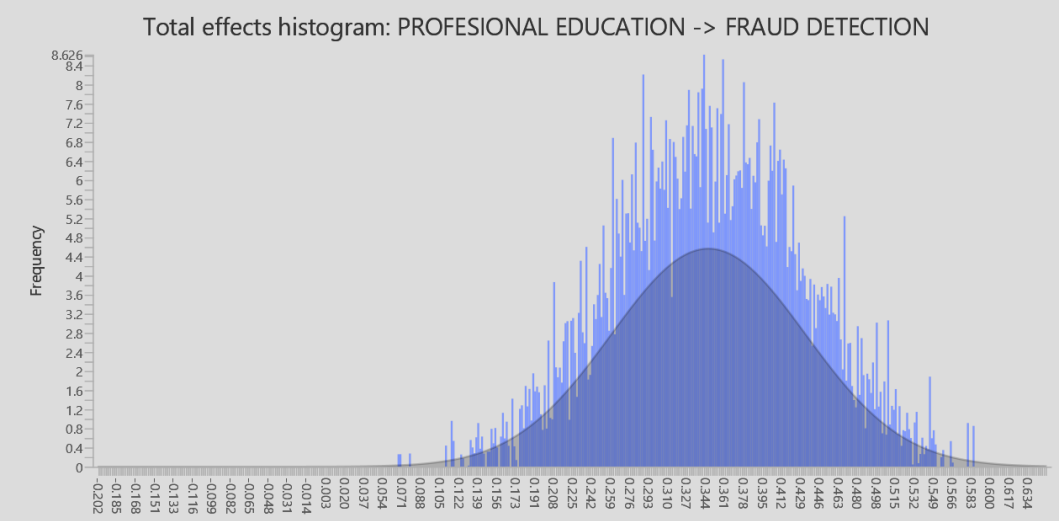
For the second hypothesis is 3.864 > 1.966 and probability (sig) 0.000 < 0,05. This means that the variable Professional Education (X2) has a significant effect on Fraud Detection. Therefore, the factor of Professional Education contributes to Fraud Detection. The following is the graph showing the influence of Professional Education on Fraud Detection

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The graph above shows the distribution of data regarding the influence of Professional Education on Fraud Detection, which appears to be centered and has a random spread. This indicates that Professional Education has an impact on Fraud Detection.

Discussion

Effect of Audit Experience to Fraud Detection

The hypothesis stating that Audit Experience significantly influences Fraud Detection proves that the hypothesis is accepted. This means that Audit Experience has a significant impact on Fraud Detection among auditors in North Sumatra. This finding shows that Fraud Detection among auditors in North Sumatra is directly influenced by the Audit Experience of the auditors involved. The results of this study can serve as a basis to accept the hypothesis. From these findings, it is hoped that the auditors at KAP in North Sumatra will remain vigilant regarding Audit Experience in order to support high-quality financial reporting.

The results of this study support the theoretical concept from the Public Accountant Professional Standards (SPAP, 2012), which states that an auditor's professional experience involves an attitude that encompasses a mindset of constantly questioning and critically evaluating audit evidence. The more assignments an auditor receives, the more experienced they become. The more often an auditor encounters findings, the more competent they are in providing an opinion. All audit personnel must maintain an independent attitude, carry out all professional responsibilities with high integrity, and maintain their professional objectivity.

Audit experience is demonstrated through the auditor's hours spent performing audit procedures related to providing an opinion on the audit report. Auditors with extensive experience will not only have the ability to identify errors or unusual fraud in financial statements but will also be able to provide more accurate explanations for their findings compared to less experienced auditors. The results of this study also align with previous research (Ximenes & Guntur, 2023; Li, Yang & Zai, 2024; Agustina & Rusydi, 2021; Griffith, Rousseau & Zehms, 2023; Wahidahwati & Asyik, 2022) that prove Audit Experience influences the occurrence of fraud. Specifically, the research findings conclude that Audit Experience directly improves Fraud Detection. Audit Experience, in the form of laws or regulations, acts as a driver for enhancing Fraud Detection at KAPs in North Sumatra.

Effect of Auditor Professional Education to Fraud Detection

The hypothesis stating that Auditor Professional Education significantly influences Fraud Detection has been proven through hypothesis testing, which shows that Auditor Professional Education has a significant impact on Fraud Detection in public accounting firms (KAP) in North Sumatra. The results of this study can be used as a basis to accept the hypothesis. From these findings, it is expected that the auditors at KAP in North Sumatra continue to be cautious regarding Auditor Professional Education in order to support high-quality financial reporting.

These findings are in line with previous studies (Hegazy, Hegazy & Eldeeb, 2022; Kooli & Abadli, 2022; Chiang, Wells & Xu, 2021) that demonstrate how auditor professional education can result in competencies, independence, and professionalism that significantly influence an auditor's ability to detect fraud. Specifically, the

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research concludes that Auditor Professional Education, in this case, is an enhancement of audit quality that can be achieved through adequate levels of professional education. This, in turn, can improve the auditor's ability to detect fraud. To support auditors' ability to detect fraud that may occur during their audits, auditors need to understand and comprehend fraud, its types, characteristics, and detection methods. One way to detect fraud is by enhancing auditors' skills through better professional education. In other words, auditor professional education is a fundamental requirement that every auditor must have. Professional education is defined as a field of work based on expertise, skills, honesty, and ethics. The accounting profession is performed by individuals who have obtained the BAP (Certified Public Accountant) or CPA (Certified Public Accountant) qualifications. Some accounting professions that have received the BAP designation include: Public Accountant, Public Sector Accountant, Management Accountant, and Educator Accountant. Those who have obtained these qualifications can apply for a license to open a public accounting practice. The accounting profession, as a provider of services related to financial information, has three interconnected aspects: education, practice, and research.

CONCLUSSION

The hypothesis testing demonstrates that Audit Experience significantly impacts Fraud Detection Ability. It can be concluded that Audit Experience, individually, plays a crucial role in influencing and enhancing an auditor's ability to detect fraud. Additionally, the next hypothesis testing shows that Auditor Professional Education also significantly affects Fraud Detection Ability. Therefore, it can be concluded that Auditor Professional Education, individually, plays an important role in influencing and improving an auditor's ability to detect fraud. Audit experience and professional education greatly affect the level of auditor's ability to detect fraud in clients. The better the audit experience and the higher the professional education, the better the auditor's ability to detect fraud.

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