The International Journal of Business Management and Technology, Volume 9 Issue 5 May 2025
ISSN: 2581-3889

Research Article Open Access

The Effect of Technological Development, Compliance, Ethical Judgment, and working Experience to Auditor Capability in Detecting Fraud in the Era of Digital Transformation

Pierre Arthur[1] Totok Budisantoso[2]
[1,2] *Atma Jaya Yogyakarta University*

Abstract: In the era of digital transformation, the landscape of fraud has evolved, presenting new challenges and opportunities for auditors. This study aims to provide the evidence about the effect of technological development, compliance, ethical judgment, and working experience on the auditor capability to detect fraud. This research used is primary data by distributing questionnaires to auditors in some business cities in Indonesia. The findings indicates that increased technological development does not necessarily lead to better fraud detection capabilities. It implies that fraudsters can also leverage technology to evade detection. Compliance to the auditing standard does not lead to a higher capability to detect fraud. Its impact may be less significant than anticipated. Increase in ethical judgment enhances an auditor's ability to detect fraud. Surprisingly, working experience has a negative impact on auditor's capability to detect fraud. It indicates that experienced auditors may become complacent may develop established biases or preconceptions based on earlier audit experiences, which can influence their appraisal of fraud risks and lead to mistakes in judgment. This research provides fruitful insights for the practitioners to set up proper approach on preparing the audit engagement and open the research avenue on the impact of digital era to auditing and the quality of information.

Keywords: *Capability to Detect Fraud, Technological development, compliance, Ethical Judgment, Working Experience.*

I. INTRODUCTION

In the era of digital transformation, the evolution of companies significantly impacts societal progress, necessitating vigilant monitoring by management to prevent fraud. Technological advancements have enabled criminals to execute fraud easily, combining online and offline methods. Fraud's nature has evolved, involving various perpetrators, victims, and third parties. According to Sayyid (2014), fraud is a planned act by individuals or groups to benefit at the expense of others, highlighting its detrimental impact on multiple parties. Fraud can be perpetrated by anyone, anywhere, and using any method.

Independent auditors play a crucial role for various stakeholders, especially those making internal and external decisions for companies. Their main role is to examine and evaluate financial records, statements, and internal control systems to determine accuracy and compliance with applicable accounting and regulatory standards. The Financial Accounting Standards Board (FASB) mandates that financial statements must be both reliable and relevant. In the digital transformation era, auditors must ensure that technology aligns with legal standards and data protection regulations. Public accounting services enhance confidence in financial reports, ensuring reliability and relevance. However, numerous cases involving major Public Accounting Firms and large companies in Indonesia have diminished this confidence, often due to errors or negligence by auditors not adhering to the Public Accountant Professional Standards.

The ethical code expected of Public Accountants emphasizes protecting individual privacy and addressing biases in data and algorithms to ensure fair treatment. Nonetheless, recent financial scandals involving large Indonesian companies

[1] Atma Jaya Yogyakarta University
[2] Atma Jaya Yogyakarta University

and public accountants have cast doubt on auditor compliance and ethical judgment. Transparency International's 2020 report ranks Indonesia 102 out of 180 countries in corruption levels, worsening from 85th in 2019, indicating escalating corruption (Maulaa, 2021). The Jiwasraya case in 2020, resulting in massive state losses, underscores the severity of corruption in Indonesia. Similarly, PT Garuda Indonesia (GIAA) reported false profits in 2018, hiding losses and misleading stakeholders. This raises serious questions about auditors' capabilities and ethical standards.

The Financial Services Information Sharing and Analysis Centre (FS-ISAC) ranks Indonesia among the top 10 countries vulnerable to cybercrime, signalling a critical concern for auditors during audits. The rise in cybercrime is attributed to inadequate digital forensics and cybercrime prevention measures. Prawira (2020) highlights the mismatch between the demand for digital forensics professionals and the current curriculum. Primary accounting education must integrate forensic accounting training. Professional education and training in forensic accounting are essential before providing services (Sugianto &Jiantari, 2014; Fanani & Gunawan, 2020; Prabowo, 2015). Despite Indonesia having eight accredited digital forensics labs, most are affiliated with the Indonesian National Police, and government agencies lack readiness in digital forensics.

Fraud cases like Esvaldas Rimasauskas's Business Email Compromise (BEC) scam against Facebook and Google, which resulted in $122 million in damages, exemplify the sophistication of modern fraud methods. These cases stress the importance of IT audits and top management's understanding of IT risks. As companies undergo digital transformations, auditors must continually train to address new challenges. Information technology plays a pivotal role in detecting fraud and preventing cybercrime, highlighting the need for auditors to be proficient in digital technologies.

The competence, compliance with standards, and ethical judgment of auditors have come under scrutiny, particularly following the PT Garuda Indonesia case. Researchers will investigate the impact of technological development, compliance, ethical judgment, and work experience on auditors' ability to detect fraud in the digital age. This study aims to identify factors that influence and enhance auditors' capabilities in fraud detection, ensuring the reliability and relevance of financial reports. The significance of auditor capability for public accounting firms also drives this research, aiming to strengthen the overall integrity and trust in financial auditing practices.

The advent of new digital technologies and the ongoing digital transformation have led to an increase in various types of fraud, necessitating heightened vigilance and enhanced capabilities among auditors. Users of financial statements rely heavily on the assurance provided by auditors to trust the integrity of the information presented. This trust is contingent upon the auditors' competence, adherence to compliance standards, and ethical judgment.

However, recent incidents, such as the fraud case involving PT Garuda Indonesia Tbk, have cast doubt on the auditors' abilities in these areas, questioning their effectiveness in delivering high-quality audits and detecting fraud. This raises critical concerns about the preparedness of auditors to handle the complexities introduced by technological development.

This study aims to provide evidence about the effect of technological development, compliance, ethical judgment, and working experience on the auditor's capability to detect fraud based on the data obtained through questionnaire conducted by distributing questionnaires to auditors around Jakarta, Surabaya, and Yogyakarta Public Accounting Firm.

II. LITERATURE REVIEW

Fritz Heider's attribution theory, developed in his book "The Psychology of Interpersonal Relations" (1958), posits that people often act like amateur scientists, seeking to explain behaviour through cause-and-effect analysis. Attribution theory suggests that information received influences perceptions and conclusions about causality, often leading to biases where internal factors are overestimated, and external factors are underestimated. This theory helps in understanding and identifying the causes of others' behaviour, creating shortcuts for handling such behaviour.

In the context of detecting fraud, attribution theory is relevant for understanding how auditors and investigators assess the causes of fraudulent activities. Factors influencing auditors' behaviour in fraud detection include internal attributes such as professional ethics and external factors like the work environment. Challenges in the task can lead to inconsistency and irresponsibility (Kelley and Michela, 1980).

According to Lubis (2014), three behavioural roles shape a person's attitude: distinctiveness (acting consistently across various situations), consensus (comparing behaviour with others in similar situations), and consistency (repeated actions over time). Internal auditors with varying competencies will differ in performing their audit duties, with those

possessing more knowledge and experience better understanding internal control effectiveness. These differences also affect the assessment of fraud risk and the capability to detect fraud, aligning with the consensus aspect.

Previous studies have examined the impact of various factors on auditors' capability to detect fraud, but none have studied technological development, compliance, ethical judgment, and working experience simultaneously. Nasution and Fitriany (2013) investigated the influence of workload, audit experience, and personality type on auditors' capability to detect fraud, with professional scepticism as a mediating variable. They found that workload, audit experience, and professional scepticism positively affect fraud detection capability, while personality type does not. Research conducted by Molina & Wulandari (2018) found that working experience and time pressure positively influence auditors' fraud detection capability, whereas workload has a negative effect. Faradilla et al. (2021), according to this research its reported that audit experience positively but not significantly affects fraud detection, independence has a positive and significant effect, and professional scepticism has a negative and insignificant effect. Contrarily, Muntasir &Maryasih (2021) concluded that working experience does not partially affect auditors' fraud detection capability.

In the era of digital transformation, companies significantly influence societal progress, necessitating vigilant monitoring by management to prevent fraud. Technological advancements have enabled criminals to execute fraud easily, combining online and offline methods. Fraud, defined by the Black Law Dictionary and Priantara (2013), involves deliberate deception or dishonest means to benefit at others' expense. It includes acts like misstatements in financial reports, which cause significant harm to aggrieved parties.

Independent auditors play a crucial role in ensuring the accuracy and compliance of financial records. However, recent cases, such as Ernst & Young's failure to provide accurate audits in Indonesia and PT Garuda Indonesia Tbk's fraudulent financial reporting, highlight auditors' negligence and non-compliance with standards, raising questions about their capabilities and ethical judgment.

Auditors need a diverse skill set to detect fraud effectively: a critical mindset and readiness to question presented information, identifying high-risk areas in financial statements to focus resources, using tools to analyse vast financial data and identify irregular patterns, investigating financial irregularities and gathering evidence, understanding sector-specific challenges and risks.These capabilities are essential for safeguarding the integrity of financial information, maintaining transparency, and ensuring accountability in organizations. They help auditors detect and prevent fraud, protecting stakeholders and the public.

Research by Kalbers (2008) indicates a positive relationship between work experience and auditor performance. Continuous training and skill development are crucial for auditors to stay updated with emerging fraud risks and techniques, especially in the digital age. The key difference between the non-digital era and digital era in detecting fraud is that they used to be only using manual method and identifying hard file documents, while in the present auditors can use many types of software that can help with the works of auditing like ACL, IDEA, Excel. Auditors' dedication to honing their skills and knowledge ensures that they continue to play a vital role in maintaining trust and confidence in financial reporting, protecting the interests of stakeholders and the public trust.

Technological development has brought about significant transformation in various industries, and the field of auditing is no exception. Auditors play a vital role in ensuring the accuracy and reliability of financial information, and the emergence of new technologies has greatly improved their ability to detect fraud. With data analytics, AI, continuous monitoring, blockchain, and specialized software, auditors are better equipped to identify and address fraudulent activities. However, auditing in an IT environment presents several unique challenges and issues that auditors need to address. These challenges stem from the rapidly evolving nature of technology, the complexity of IT systems, and the increasing dependence of organizations on digital infrastructure. Some common problems that can occur when auditing in an IT environment include rapid technological changes, cybersecurity threats, complexity, data privacy and compliance, cost of it auditing, etc.

Technological advancements have revolutionized the auditing profession by introducing tools and systems that automate many aspects of the audit process. Key developments include data analytics, artificial intelligence (AI), blockchain technology, and cloud computing. These technologies have transformed how auditors collect, analyze, and interpret data, leading to more comprehensive and efficient audits.

The adoption of advanced technologies in auditing has expanded the scope of auditor responsibilities. Auditors must not only possess traditional accounting and auditing skills but also be proficient in using technological tools and understanding their implications for the audit process. Technological development imposes new responsibilities on

auditors to stay updated with technological advancements, maintain ethical standards, and enhance their risk assessment and fraud detection capabilities. By understanding the relationship between technological development and auditor responsibilities, auditors can leverage technology to improve the quality of their audits and better serve their clients and stakeholders.

It cannot be denied that technological development has impacted the auditor's capability to detect fraud. Previous research conducted by Al-Fehaid & Higson (2008) stated that the problems encountered by the external auditors related to the unsuitability of clients' accounting software and the lack of competence of clients' staff in dealing with IT-based accounting systems. There were also perceived weaknesses of clients' internal control systems. Therefore, it could be concluded that the increasing use of IT by their clients has complicated the work of the external auditor. However, despite the new challenges posed by the digital age, the impact positive. As technology continues to evolve, so too will the auditors' capability for fraud detection, providing essential safeguards against financial misconduct and promoting trust and transparency in the world of finance. In the process of digital transformation, IT audits must constantly improve and adjust to complex environments. To address these challenges, auditors in IT environments often require specialized training, certifications, and a deep understanding of both technology and business processes. They also need to collaborate closely with IT professionals and management to ensure effective risk management and compliance in an ever-evolving digital landscape.

Ha1: Technological development has a positive impact on auditor's capability to detect fraud.

The auditing standards determined by the Indonesian Institute of Accountants require the auditor to express whether in his opinion the reported financial statements comply with generally accepted accounting principles in Indonesia. This aims to indicate if there is an inconsistency in the application of accounting principles in the preparation of financial statements for the current period compared to the application of accounting principles in the previous period (Indonesian Institute of Accountants, 2001). Auditing standards are a guideline to support auditors in fulfilling their professional responsibilities when auditing historical financial statements (Arens, 2008).

Auditor compliance with audit standards is a critical factor in their capability to detect fraud. Audit standards provide a structured framework and guidelines for auditors to follow when conducting their examinations. While audit standards primarily focus on ensuring the accuracy and completeness of financial statements, they indirectly influence the auditor's ability to detect fraud. auditor compliance with audit standards sets the baseline for conducting an audit, which includes assessing fraud risks and evaluating internal controls in the era of digital transformation. Auditor needs to maintain the use of technology to detect fraud is inline with the legal standard. Detecting fraud requires auditors to exercise professional scepticism, employ a range of auditing techniques, and use their experience and judgment to identify indicators of fraud beyond what is outlined in the standards.

Ha2: Compliance has a positive impact on auditor's capability to detect fraud.

Ethical judgment is a fundamental aspect of the auditor's role in ensuring the integrity of financial reporting. Auditors are responsible for providing an independent and objective assessment of an organization's financial statements. Ethical judgment is not just a theoretical concept but a practical necessity for auditors when it comes to detecting and addressing fraud. It underpins the principles of professional scepticism, independence, and objectivity that are vital in the audit process. Ethical auditors are entrusted with the responsibility of providing assurance to stakeholders that financial statements are accurate and reliable. Their commitment to ethical principles safeguards the public interest, strengthens market stability, and fosters confidence in financial markets. In an era where transparency and accountability are paramount, ethical judgment remains a cornerstone of the auditing profession. Ensuring the privacy of clients are critical to building trust in the technology, protecting individuals' rights, and ensuring that the benefits of fraud prevention are achieved without causing undue harm.

Arsendy (2017), the results of this study indicate that auditors have high scepticism professionals will be better able to detect fraud and vice versa if an auditor who have low professional scepticism will be less able to detect cheating. Prasetyo's (2015) research shows the higher the professional scepticism owned by an auditor, the higher the ability of an auditor in detect fraud. However, research conducted by Faradilla (2021) shows that the Auditor's Professional Skepticism negatively influences and insignificant to Fraud Detection. The result of previous research have different opinion about Auditor's ethical judgment, whether ethical judgment has positive or negative impacts their capability to detect fraud. Generally, auditors who lack ethical judgment or succumb to ethical lapses may compromise their ability to detect fraud. They might be less inclined to challenge management's representations, ignore red flags, or fail to report

their findings when they suspect fraud. Such behaviour can have serious consequences for both the auditor's professional reputation and the financial well-being of stakeholders.

Ha3: Ethical Judgment has a positive impact on auditor's capability to detect fraud.

Working experience in auditing encompasses an auditor's tenure, the number of assignments completed, and the variety of tasks undertaken. This aspect is pivotal in understanding an auditor's commitment to training and competence, which are critical factors in hiring and career progression within the field. Experience is broadly defined to include both the duration spent in a role or organization and the breadth of tasks performed, as outlined by Quinones et al. (1995).

According to Anggriawan (2014), work experience positively correlates with an auditor's ability to detect fraud. Experienced auditors, such as those noted by Noviyani and Bandi (2002), possess extensive knowledge of common errors and fraudulent practices, which enhances their proficiency in fraud detection compared to less experienced auditors. This expertise is particularly crucial in today's digital era, where auditors in IT environments require not only traditional auditing skills but also specialized training in technology and understanding of business processes.

Ha4: Working Experience has a positive impact on auditor's capability to detect fraud.

III. RESEARCH METHOD

The research will be carried out by quantitative research approach. The subject of this research are all the Public Accounting Firm, while the object used in this research are the auditor's capability to detect fraud. In this study, sampling was done with the non-probabilistic approach utilizing targeted sampling methods. This method is performed by taking samples from the population according to certain criteria based on inference (judgment) and certain quotas (Hartono, 2017). The sample for this survey consists of auditors that works in Public Accounting Firm at Jakarta, Surabaya, and Yogyakarta. The criteria for respondents used for this research are as follows: individuals who work as auditors in Public Accounting Firms (PAF) and residing in Jakarta, Surabaya, and Yogyakarta. Dependent Variableis Capability to Detect Fraud. Independent variable are Technological Development, Compliance, Ethical Judgment, and Working Experience. The variables used in this research will be measured with Likert Scale model.

In this study, tool test will be carried out to assess whether each element or indicators of the questionnaire are valid and reliable. The test will be carried out using validity and reliability test. The normality test is used to determine whether an independent and dependent variable, or both, in a regression model still has a normal distribution. When the regression model has a normal or nearly normal distribution, it is considered a good regression model. The Kolmogorov-Smirnov method is used in this study for the normality test. The classical assumption test is conducted to avoid biased estimates. The data will be feasible when the regression model gives results that are best, direct, impartial, and estimator (Ghozali 2016). In this study, the classic assumption test will be carried out with two tests:

IV. DISCUSSIONS ON THE FINDINGS

Based on data collected from questioner, the number of samples obtained was 112 auditors that works at Public Accounting Firm. A normality test was performed on the dataset consisting of 112 samples, revealing that the data did not exhibit a normal distribution. To address this issue and ensure data normality, outlier removal was conducted. Consequently, the number of valid data points available for analysis in this study was reduced from 112 to 44, ensuring the data normality.

Figure 1. Summary of Statistic Descriptive Research Variable

	N	Min	Max	Mean	Std. Deviation
TecDev	44	1.78	5.00	3.7589	0.86156
Compl	44	3.47	5.00	4.4439	0.55207
EJud	44	3.50	5.00	4.4773	0.52208
WE	44	3.75	5.00	4.5085	0.50911
Cap	44	2.50	5.00	4.4205	0.67077

Figure 2. Multiple Linear Regression Test Results

Variable	Coefficients regression	Coefficients beta	t-count	Sig. t
Constant	10.668			
TecDev	-0.022	-0.025	-0.125	0.902
Compl	0.343	0.454	1.875	0,068
EJud	1.010	0.893	3.592	<0,001
WE	-0.939	-0.588	-3.636	<0.001
F-count = 27.236				
F-table = 2.61				
Sig. F = < 0,001				

The results indicates that technological development does not significantly affect auditors' capability to detect fraud. This suggests that increased technological development does not necessarily lead to better fraud detection capabilities. Firstly, the effectiveness of advanced tools depends on auditors' skills. If auditors are not well-trained or cannot keep up with technological changes, the benefits of these tools may not be realized. Studies, such as Bierstaker et al. (2013), show that auditors often lack the expertise to fully utilize new technologies. Secondly, integrating new technology into auditing can require significant time and resources, leading to initial inefficiencies. Research data indicate that 34% of auditors still face technical issues with IT-based auditing, showing that auditors in Jakarta, Surabaya, and Yogyakarta Public Accounting Firms struggle with technological advancements. PwC (2018) reports that new technologies can disrupt workflows during the implementation phase.Thirdly, technological advancements may lead to more sophisticated fraud schemes, making detection harder. The ACFE's 2020 Report highlights the increasing complexity of fraud tactics exploiting technological vulnerabilities.Lastly, over-reliance on technology can lead to complacency, where auditors may neglect criticalthinking and professional scepticism. Alles et al. (2008) caution that technology should enhance, not replace, auditors' judgment and skills. Supporting this, Polontalo et al. (2022) found that while information technology eases the audit process, it does not necessarily improve fraud detection capabilities. Advanced technology can be used to commit fraud, complicating detection efforts. Thus, technological developments have limited impact on auditors' ability to detect fraud, as fraudsters can also leverage technology to evade detection.

The findings show that compliance with auditing standards does not significantly affect the auditor's capability to detect fraud. This indicates that increased compliance does not necessarily lead to a higher capability to detect fraud. Although compliance with auditing standards is essential for enhancing auditors' ability to detect fraud by promoting transparency and accountability, its impact may be less significant than anticipated. Auditing standards primarily focus on the accuracy and reliability of financial reporting rather than explicitly on fraud detection, which can cause auditors to prioritize compliance over actively seeking fraudulent activity (Wells, 2016). Additionally, these standards may not cover all aspects of fraud detection, such as emerging risks and advanced analytical techniques, leaving auditors unprepared within standard procedures (Albrecht et al., 2018). Organizational pressures, resource limitations, and insufficient competence can also hinder auditors' ability to detect fraud despite following standards (Association of Certified Fraud Examiners, 2018).

Ethical judgment has a positive significant effect on an auditor's capability to detect fraud. This shows that an increase in ethical judgment enhances an auditor's ability to detect fraud. Ethical judgment involves auditors' ability to make principled decisions and distinguish right from wrong, guided by moral concepts, ethical standards, and professional codes of conduct. The positive effect of ethical judgment on fraud detection can be attributed to auditors' heightened sensitivity to ethical issues and red flags, better handling of ethical dilemmas, resistance to external pressures, and adherence to professional standards. Research supports this, highlighting that ethical values and sensitivity significantly impact auditors' professional scepticism and decision-making, thereby improving fraud detection capabilities. For instance, Sahla and Ardianto (2023) found that ethical values reduce the perception of fraud tendency among auditors, and Johari, Alam, and Said (2021) demonstrated that higher ethical sensitivity enhances the effectiveness of handling ethical issues, leading to better fraud detection.

Interestingly that working experience has a negative impact on auditor's capability to detect fraud. This implies that working experience do not necessarily result in increased capability to detect fraud. Working experience is often regarded as a valuable asset in the field of auditing since it offers auditors with hands-on knowledge, competence, and insight into various audit methods and industry practices. Seasoned auditors with long working experience usually have a thorough awareness of audit procedures, regulatory requirements, and industry-specific peculiarities, allowing

them to complete audits more successfully and efficiently (Gendron et al., 2017). Furthermore, experienced auditors have seen a wide range of audit scenarios and fraud schemes throughout their careers, sharpening their ability to identify patterns, abnormalities, and red flags that may suggest fraudulent activity. Moreover, experienced auditors are often better suited to handle complicated audit engagements, identify potential audit risks, and apply professional judgment when analyzing the reliability and integrity of financial data. However, the negative effect of working experience on auditors' capability to detect fraud, as evidenced by the results of testing Ha4, can be attributed to several factors. Firstly, experienced auditors may become complacent or overly reliant on routine audit procedures, potentially overlooking subtle signs or emerging trends indicative of fraudulent behavior. Additionally, experienced auditors may develop established biases or preconceptions based on earlier audit experiences, which can influence their appraisal of fraud risks and lead to mistakes in judgment (Lennox et al., 2014). Furthermore, the rapid pace of technological advancements and the advent of digital transformation have introduced new challenges and complexities to the auditing landscape, necessitating auditors adapting and evolving their skill sets in order to efficiently detect fraud in the digital era. Experienced auditors may struggle to stay up with technology advancements and use advanced data analytics tools and methodologies to detect fraud efficiently in digital environments. The negative effect of working experience on auditors' capability to detect fraud, as evidenced by the results of testing Ha4, may also result from a lack of experience or familiarity with digital audit techniques and technologies. While seasoned auditors may have substantial knowledge with traditional audit approaches, they may be unfamiliar with or have had little training in digital audit procedures and data analytics. In today's digital age, where organizations increasingly rely on sophisticated information systems and digital platforms for financial transactions and record-keeping, auditors must be skilled at detecting fraud using technology-enabled audit methodologies (AICPA, 2019). Additionally, Based on the data obtained during the research period, the majority of respondents are under the age of 25, with 27 individuals accounting for 61.36% of the total respondents. This indicates that the study has a significant representation of young people, indicating a lack of experience in carrying out audit tasks. This statement is supported by the data, which shows that 85% of auditors handle an average of fewer than 8 assignments in a year.

Figure 3. R^2 Test Results

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.858	0.736	0.709	2.493

This assertion is in line with the research done by Prasasti (2024), The analysis does not support the hypothesis that the auditor experience variable has a major impact on audit judgment. According to the findings of this study, the lack of experience among external auditors at public accounting firms in Bandar Lampung stems mostly from the fact that the majority of respondents had less than five years of audit experience. Overall, the results highlight the need for continuous professional development and adaptation to new technologies in auditing.

V. CONCLUSIONS

Technological Development has no Significant Effect on Auditor's Capability to Detect Fraud.This suggests that despite the potential benefits of advanced tools, various challenges hinder their effectiveness. These include a persistent skill gap, substantial integration hurdles, and the rapid evolution of sophisticated fraud schemes. Additionally, auditors' over-reliance on technology can undermine critical thinking and professional scepticism. These findings highlight the need for continuous professional development, optimized integration processes, and a balanced approach that combines technology with traditional auditing skills to improve fraud detection in the digital era. Compliance has no Significant Effect on Auditor's Capability to Detect Fraud. While auditing standards provide a structured framework for accurate financial reporting, they may overshadow active fraud detection efforts, leading auditors to overlook subtle anomalies. Additionally, current standards do not fully address emerging fraud risks and advanced data analytics, posing challenges in adapting to digital transformation. These findings highlight the limitations of compliance-driven practices in effectively detecting fraud in contemporary business environments.Ethical Judgment has a Positive Effect on Auditor's Capability to Detect Fraud: Ethical judgment significantly enhances an auditor's capability to detect fraud. Auditors with strong ethical judgment are better at identifying and investigating fraud indicators, even amidst ethical dilemmas and technological complexities. This finding underscores the critical role of ethical judgment in maintaining rigorous audit procedures and effectively detecting fraud in the digital era. Working Experience has a negative Effect on Auditor's Capability to Detect Fraud: Contrary to conventional wisdom, extensive experience in auditing may lead to complacency with traditional methods, overlooking nuanced fraud indicators that require adaptive

approaches.Thisfinding highlights challenges faced by experienced auditors in adapting to technological advancements and complex digital environments, which are critical in contemporary audit practices. The study also underscores the significance of addressing skill gaps and fostering a balance between experience and innovation to enhance fraud detection capabilities in auditing.

The implications of this research underscore the need for policies that address contemporary challenges and opportunities in fraud detection amidst the digital era. By emphasizing ethical integrity and practical experience alongside technological advancements and compliance standards, this study aims to enhance auditors' ability to detect and prevent fraud effectively. The findings highlight the critical role of ethical considerations and experience in improving fraud detection practices, ensuring auditors are well-equipped to navigate complexities brought about by digital transformation. This research encourages audit firms and regulatory bodies to prioritize continuous professional development in digital auditing, empowering auditors to adapt and innovate in their fraud detection efforts.

This study acknowledges several limitations that impact its composition and findings. Firstly, data collection during the tax period led to challenges in obtaining a large and accurate dataset, potentially affecting the sincerity and accuracy of respondents' answers. Some participants may have rushed through the questionnaires, impacting data quality and representation. Moreover, the study's sample size was reduced from 112 to 44 due to data deemed not filled out seriously, impacting research validity. Moving forward, future research should aim to collect data during less busy periods to ensure more comprehensive and accessible datasets. Additionally, integrating interviews alongside quantitative methods could enhance data quality by providing deeper insights and mitigating biases inherent in self-reported surveys. Expanding the study's participant pool would bolster the generalizability of findings, while incorporating additional variables could offer a more nuanced understanding of the research topic. These recommendations seek to strengthen the robustness and depth of investigations in this field, enhancing the relevance and applicability of future research efforts.

REFERENCES

[1] Al-Fehaid, A. and Higson, A. (2008). Auditing in an IT Environment: Its Impact in Saudi Arabia. *Journal of Audit Practice*, Vol. 5 No. 1, pp.

[2] ACFE. (2020). Report to the Nations: 2020 Global Study on Occupational Fraud and Abuse. Association of Certified Fraud Examiners.

[3] AICPA. (2019). Audit Data Analytics: AICPA Guide. American Institute of Certified Public Accountants.

[4] Albrecht, W. S., Albrecht, C. O., Albrecht, C. C., Zimbelman, M. F. (2018). Fraud Examination. Cengage Learning.

[5] Alles, M. G., Kogan, A., Vasarhelyi, M. A. (2008). Putting Continuous Auditing Theory into Practice: Lessons from Two Pilot Implementations. Journal of Information Systems, 22(2), 195-214.

[6] Anonim. 2021, "Menilik Pelanggaran Kode EtikProfesi Akuntan Dalam Kasus Laporan Keuangan PT Garuda Indonesia." https://www.beritamerdekaonline.com/2021/12/menilik-pelanggaran-kode-etik-profesi-akuntan-dalam-kasus-laporan-keuangan-pt-garuda-indonesia/ (accessed September 5, 2022)

[7] Association of Certified Fraud Examiners. (2018). Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse.

[8] Bierstaker, J. L., Janvrin, D. J., Lowe, D. J. (2013). An Examination of Audit Information Technology Use and Perceived Importance. Accounting Horizons, 27(1), 1-28.

[9] Faradilla, E., Tjan, J. and Pramukti, A. (2021). PengaruhPengalaman Auditor, Independensi, dan Skeptisme Profesional Auditor terhadap Pendeteksian Kecurangan.

[10] Gendron, Y., Bedard, J., Gervais, M. (2017). Enhancing auditor professional skepticism: The role of cognitive capacity and mindset. Contemporary Accounting Research, 34(2), 1234–1265.

[11] Johari, R. J., Alam, M., Said, J. (2022). Investigating Factors that Influence Malaysian Auditors' Ethical Sensitivity. *International Journal of Ethics and Systems*.

[12] Kalbers, L. and Cenker, W. (2008). The Impact of Exercised Responsibility, Experience, Autonomy, and Role Ambiguity on Job Performance in Public Accounting. *Journal of Managerial Issues*, Vol. 20 No. 3, pp.

[13] Larasati, D. (2022). Determinan Kemampuan Auditor Dalam Mendeteksi Kecurangan. *Jurnal Locus*, Vol. 1 No. 8, pp.

[14] Lennox, C. S., Wu, X., Zhang, T. (2014). Does experience matter in auditing? Audit Office Industry Specialization and Analysts' Forecast Accuracy for Revenue-Maximizing Firms. Journal of Accounting Research, 52(1), 155–190.

[15] Maulida, K. and Novianti, N. (2023). Audit Experience, Independence, and Professional Skepticism Against Fraud Detection: Time Pressure as a Moderating Factor. *Asia Pacific Fraud Journal*, Vol. 8, Issue 2.

[16] Ningtyas, W. and Aris, M. (2016). Independensi, Kompetensi, Pengalaman Kerja, dan Due Professional Care: Pengaruhnyaterhadap Kualitas Audit yang Dimoderasidengan Etika Profesi. *Riset Akuntansi dan Keuangan Indonesia*, Vol. 1 No. 1, pp.

[17] Patel, C., Harrison, G. and McKinnon, J. (2002). Cultural Influences on Judgements of Professional Accountants in Auditor-Client Conflict Resolution. *Journal of International Financial Management and Accounting*, Vol. 13 No. 1, pp.

[18] Payne, E. and Curtis, M. (2017). Factors Associated with Auditor's Intention to Train on Optional Technology. *Current Issues in Auditing*, Vol. 11 No. 1, pp.

[19] Pratiwi, H. R. (2019). KronologiKisruhLaporanKeuangan Garuda Indonesia. Retrieved from: https://m.cnnindonesia.com/ekonomi/20190430174733-92-390927/kronologi-kisruh-laporan-keuangan-garuda-indonesia.

[20] Polontalo, D. H., Anwar, C., Nasution, H. (2022). Pengaruh Intervening Pemanfaatan Teknologi Informasiterhadap Pengalaman Auditor dalam Pendeteksian Kecurangan (Studi Pada Kantor Akuntan Publik Jakarta Timur). *Jurnal Akuntansi dan Keuangan,* Vol. 10, No. 1,pp.

[21] PwC. (2018). The road to implementation: How companies are preparing for the new lease accounting standard. PwC Insights.

[22] Sahla, R. andArdianto, E. (2022). Ethical values and auditors fraud tendency perception: testing of fraud pentagon theory. *Journal of Financial Crime*.

[23] UKEssays. (November 2018). The Impacts of Fraud On Information Technology Information Technology Essay. Retrieved from https://www.ukessays.com/essays/information-technology/the-impacts-of-fraud-on-information-technology-information-technology-essay.php?vref=1

[24] Wells, J. T. (2016). Principles of Fraud Examination. John Wiley & Sons.

[25] Wulandari, M. (2018). Pengaruh Pengalaman, Beban Kerja, dan Tekanan Waktu terhadap Kemampuan Auditor dalam Mendeteksi Kecurangan. *Jurnal Ilmu Akuntansi*, Vol. 16 No. 2, pp.