




THE EFFECT OF SPIRITUAL INTELLIGENCE AND PROFESSIONAL SKEPTICISM OF INTERNAL AUDITORS ON DETECTION OF FRAUD



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ABSTRACT

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The research purposes are to prove empirically the effect of spiritual intelligence and professional skepticism on the ability to detect fraud in media companies in DKI Jakarta. The sampling technique used in this study was the saturated sample method with 90 samples. The data collection method used in this study is a questionnaire by distributing questionnaires to internal auditors in private media companies in the DKI Jakarta area. The data analysis technique used to test the hypothesis in this study is Multiple Linear Regression Analysis with the help of the SPSS version 21. The results of this study indicated that the spiritual intelligence variable has no effect on fraud detection whereas professional skepticism has a positive effect on fraud detection. The limitation of this research is that the sample used in this study is limited to only 90 Internal Auditors in the private media companies in DKI Jakarta, which is too few, so the questionnaires obtained are not optimal.

Contribution/ Originality: This paper's primary contribution is finding that the importance of applying professional standard internal auditor including professional skepticism to detect fraud. In addition, this paper also finds that internal auditors must put spiritual attitudes aside in order to detect fraud.

1. INTRODUCTION

No organization is currently free from fraud, because basically these problems are based on human problems. Whatever rules and procedures that have been created are strongly influenced by people who hold the power to carry them out because not all honest people have high integrity. So that most organizations at this time need a special section to carry out fraud detection.

Detection of fraud requires ability, knowledge, and intuitive acuity. This intuition is a part of spiritual intelligence and professional skepticism. In an organization, the part that has the knowledge and expertise to detect fraud is Internal Audit. This is based on a 2003 fraud survey, FPMG forensics in [Tunggal \(2016\)](#) where more fraud was detected by internal control or the internal audit function with a percentage of 65%.

The performance of an Internal Auditor is not only seen from the perfect work ability, but also from the ability to master and manage oneself as well as the ability to build relationships with others. This can be seen from a case in one of the MNC Group companies where Internal Audit was able to collaborate with "whistleblowers" in revealing the existence of attendance falsification of honorary stage set employees which is done by the employee

who is in charge of plotting, hiring, and control over the tasks of the stage set employee. The total company loss caused by this falsification was Rp300.000.000.

At the end of the 20th century, some of the latest scientific data shows the existence of a third type of intelligence, which is spiritual intelligence (SQ). This spiritual intelligence was popularized by Danah Zohar and Ian Marshall. At this time, if only relying on intellectual and emotional intelligence without being based on spiritual intelligence, an audit assignment will not run effectively and efficiently. This is supported by Ratna (2016) that the spiritual intelligence of an auditor affects the performance of an auditor.

Apart from spiritual intelligence (SQ), an Internal Auditor also requires an attitude of professional skepticism. Skepticism itself comes from the word skeptic, which means doubting, suspicious, and not believing in the truth of a thing, theory, or statement. Indonesian Institute of Accountants (2001) stated that auditor professional skepticism is an attitude that includes a mind that always questions and evaluates critically on audit evidence.

An auditor must also maintain a level of professional skepticism when considering a wide range of information, including fraud risk factors, to identify and respond to the risk of fraud. This is in accordance with SAS No. 99 (Tunggal, 2016).

Based on the above background, it can be formulated that the problem of this research is whether spiritual intelligence and professional skepticism possessed by internal audit has an effect on the ability to detect fraud. In line with the formulation of the problem, the purpose of this study is to determine *“The effect of spiritual intelligence and professional skepticism possessed by the internal audit on the ability to detect fraud”*.

2. LITERATUR REVIEW

2.1. Grand Theory

The stage of moral development is a measure of a person's moral height based on the development of his moral reasoning, as expressed by Lawrence Kohlberg.

Kohlberg's research results suggest six stages of moral development that take place universally and in a certain order (Sunarto, 2008). The stages of the development of moral reasoning are divided into 3 levels, consisting of pre-conventional, conventional and post-conventional.

2.2. Fraud Detection

When we hear about fraud, what comes to our mind is that there are perpetrators who deliberately take what is not their right from other people or from agencies / organizations to enrich themselves or their groups. Based on the meaning according to the Black Law Dictionary in Karyono (2017) “Fraud embracing all multi various means which human ingenuity can device and which are restored to by one individual to get an advantage over another by false suggestions or suppression of truth and included all surprise, trick, cunning or dissembling and any unfair way by which another is cheated.”

Based on Fitrawansyah (2014) in preventing, detecting and dealing with fraud there are actually several parties involved which are accountants (either as internal auditors, external auditors, or forensic auditors) and company management. Fraud detection by internal auditors is one of the roles of the internal auditing activities carried out in the organization. The standard No. 1210.A2 stated that “the internal auditor should have sufficient knowledge to identify the indicators of fraud but is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud”. Based on Karyono (2017) fraud detection is an action to find out that fraud occurred, who was the perpetrator, who was the victim, and what caused it.

2.3. Spiritual Intelligence

Spiritual intelligence is an ability that has developed over millions years, enabling the brain to discover and use meaning in solving problems. It is an intelligence that can help us heals and builds ourselves completely. Humans

use spiritual intelligence to be more creative. We present it when we want to be flexible, broad-minded, or creatively spontaneous (Zohar & Marshall, 2001).

Spiritual intelligence is conceptualized as an evolution of the latest intelligence theory, complementing the IQ (Intelligence Quotient) and EQ (Emotional Quotient) which were previously developed. If IQ is a parameter of classical mathematical and verbal logic intelligence (understanding of the physical world / material capital), and EQ is a parameter of inter-relationship ability (social capital); then SQ is defined as a person's ability to transpose two aspects of intelligence IQ and EQ into wisdom and deeper understanding until peace and balance outward and inward (spiritual capital) (Sastrodiharjo, 2020).

2.4. Professional Skepticism

One of the causes of an audit failure is low professional skepticism. Auditors who do not apply a skeptical attitude will only find misstatements due to errors (Human Error) and will be very difficult to find misstatements due to fraud.

Skepticism is a manifestation of objectivity. Skepticism does not mean cynicism, criticism, or insults. An auditor who has sufficient professional skepticism will deal with the following questions: (1) What do I need to know? (2) How can I get this information properly? and (3) Does the information I get make sense? The auditor's professional skepticism will lead him to ask for any hints that suggest possible fraud (Tmothy , 2005).

3. HYPOTHESIS DEVELOPMENT

According to Ratna (2016) where the level of spiritual intelligence can have a positive influence on the performance of an auditor. This proves that spiritual intelligence must be possessed by every auditor in order to be able to be more courageous in each assignment. Andriyanto, Effriyanti, and Hidayat (2018) found that spiritual intelligence has a significant effect on the Auditor's ability to detect fraud.

This shows that the high level of spiritual intelligence received by an auditor will increase the auditor's ability to detect fraud. From the description above, the research hypothesis is derived as follows:

H1 Spiritual intelligence affects the ability to detect fraud.

According to Bagus, Astika, and Dwirandra (2018) where professional skepticism had a positive effect on an auditor's fraud detection ability. This shows that professional skepticism will assist the auditor in detecting fraud in each assignment. Simanjuntak, Hasan, and Ali (2015) found similar results which is the professional skepticism affects the ability to detect fraud.

From these studies, it shows that professional skepticism affects the detection of fraud by auditors. From this description, it is found that the research hypothesis is:

H2 Professional skepticism affects the ability of auditors to detect fraud.

The research framework is presented on the Figure 1 as follows:

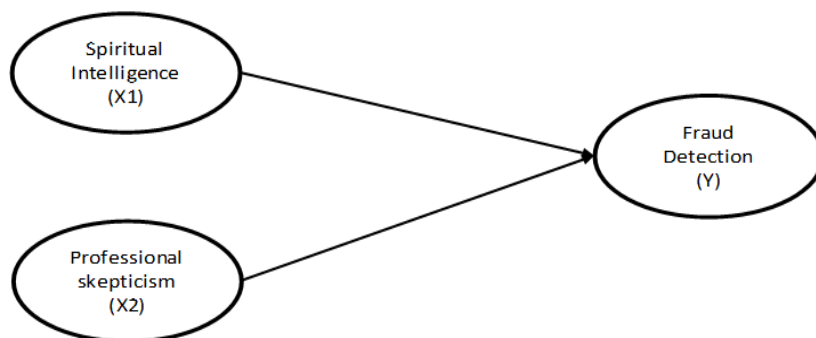


Figure-1. The Framework.

4. RESEARCH METHODS

The object used in this research is primary data (direct data from the source) using questionnaires distributed to the Internal Auditor at media companies in the DKI Jakarta area. A media company is a company that has a function as an intermediary, channel, or tool used in the mass communication process directly to the people. The sampling method in this study was convenience sampling, which is a general term that includes a wide variety of respondent selection procedures. The convenience sampling method is used because researcher has the freedom to quickly select the samples from population elements whose data are easily obtained by researcher. Data analysis is a way of processing data that has been collected in order to provide interpretations whose results can be used to answer problems that have been formulated. In this study, data processing was carried out with the help of SPSS 21 software.

5. DESCRIPTION STATISTICS

Based on the results of the questionnaire received from 90 respondents from 20 media companies in Jakarta, it consisted of 68 male respondents and 22 female respondents, while based on their position, 11 respondents were managers and above, 20 respondents were supervisors, and 59 respondents are internal audit staff. The empirical description of the data used index numbers which are categorized into score ranges based on the calculation of the Three Box method (Ferdinand, 2011). Table 1 presents the index results for each variable.

Table-1. Variable index.

No	Variables	Average Index Values
1	Fraud Detection	79.68%
2	Spiritual Intelligence	89.36%
3	Professional Skepticism	87.38%

Based on the table above, it can be explained that fraud detection (Y) obtained a figure of 79.68% of the average index value so that it can be categorized as high. As for spiritual intelligence (X1), it gets 89.36% so it can be categorized as high. For professional skepticism (X2), the score is 87.38% so it can be categorized as high. From these results it can be concluded that the three variables used in this study get a high average index score, in other words the respondents agreed and had the same thoughts as the distributed questionnaires.

5.1. Validity Test

The validity test aims to measure the validity of a research questionnaire. A questionnaire is said to be valid if the questions in the questionnaire are able to reveal what will be measured by the questionnaire (Ghozali, 2016). In this study, the validation test was carried out using the corrected item - total correlation technique, namely by comparing the results for each variable item which can be seen in the corrected item - total correlation column with r table. If $r \geq 0.3$ then the question is valid.

The spiritual intelligence variable has 8 questions. Based on the results in the corrected item - total correlation column, where the results of the 8 questions get results $r \geq 0.3$. thus indicating that this variable is valid.

The professional skepticism variable has 14 questions. Based on the results in the corrected item - total correlation column where the results of the 14 questions get results $r \geq 0.3$. thus indicating that this variable is valid.

The fraud detection variable has 8 questions. Based on the results in the corrected item - total correlation column, where the results of the 8 questions, 6 questionnaires get results $r \geq 0.3$ and 2 questionnaires get results $r \leq 0.3$. thus indicating that this variable is valid.

5.2. Reliability Test

This reliability test is used to measure a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if someone's answer to a statement is consistent or stable over time (Ghozali, 2016). The reliability of the research instrument can be tested using Cronbach's Alpha (Ghozali, 2016). With the following criteria:

- If the Cronbach Alpha value is more than 0.6, the answer in the questionnaire is said to be reliable.
- If the Cronbach Alpha value is less than 0.6, the answer in the questionnaire is said to be unreliable.

Table-2. Reliability test with cronbach's alpha.

Reliability Statistic				
Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	Criteria
Spiritual intelligence	,741	,750	8	Reliable
Professional skepticism	,853	,860	14	Reliable
Fraud Detection	,662	,685	8	Reliable

Based on Table 2, the Cronbach Alpha value of all variables is greater than required. In addition, the Cronbach Alpha value for each statement item in the Item-Total Statistics table is greater than 0.60 so that it can be said that all instrument variables are reliable, which means that the question is consistent for use in this study.

6. RESULT OF FINDING

Hypothesis testing in this study is based on the output of SPSS version 21. The criteria for testing the research hypothesis uses a significance level of 5%, which means the research confidence level is 95% and the probability of error is 5%. Because it uses 5% significance in hypothesis testing, if the value is less than 0.05 then H_a is accepted and H_0 is rejected. The results of hypothesis testing concluded that hypothesis 1 was rejected because there was no influence between the spiritual intelligence variable on the fraud detection variable, while hypothesis 2 was accepted because there was an influence between the professional skepticism variable on the fraud detection variable. The following table is the result of hypothesis testing which can be seen in Table 3 as follows:

Table-3. Result of finding.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	13,042	2,682		4,862	,000					
spiritual intelligence	,075	,090	,089	,833	,407	,484	,089	,067	,565	1,769
professional skepticism	,302	,054	,598	5,589	,000	,657	,514	,450	,565	1,769

Note: a. Dependent Variable: Y

The results of hypothesis testing in table 3 indicate that the internal auditor's spiritual intelligence has no effect on fraud detection.

This spiritual intelligence is related to the ability in humans to take precautions against things that are not in accordance with religious rules and regulations. To measure the spiritual does not only include empirical facts, social realities, and human phenomena, but also related to divine issues.

Fraud detection is the result of an inspection conducted by an Internal Auditor in reviewing the rules or Standard Operating Procedures or commonly known as SOPs that are determined to prevent fraud in the company.

Based on the grand theory in this study which comes from Lawrence Kohlberg, where in the sixth / final stage, moral reasoning is based on abstract reasoning using universal ethical principles, namely someone has developed a

moral standard based on universal human rights. In the sense that when someone faces a conflict between law and conscience, someone will follow conscience.

According to Yuwono (2010) Spiritual intelligence functions as a controller and empowerment of other intelligences whose performance has not been optimized. The manifestation of this spiritual intelligence is a moral attitude which is considered noble by the doer. This intelligence, according to experts, determines one's success.

From the above explanation, spiritual intelligence is the factor from the personal internal of an internal auditor, while fraud detection comes from the rules or SOPs determined to prevent fraud. So it can be concluded that the internal auditors' spiritual intelligence has no effect on fraud detection.

Strengthening the argument from the results of this hypothesis testing is supported by research from Prayogi and Sudaryati (2019); Hasanuddin and Sjahrudin (2017) and Pramono and Puspita (2020) where the Internal Auditor's spiritual intelligence did not affect the ability to detect fraud. Research that does not support this research is from Ratna (2016) which results that spiritual intelligence affects the performance of an auditor, this is due to the different variables used, besides that there was research from Syarhayuti and Adziem (2016) where spiritual intelligence affects audit quality, and there was also research from Hengsaputra and Ardana (2017) which results in that spiritual intelligence is the strongest element in predicting an auditor's performance.

Based on the results of hypothesis testing in Table 2 show that the professional skepticism of internal auditors has an effect on fraud detection. The results of this study prove that the increased skepticism of an internal auditor, the better it will be in detecting fraud.

An auditor in carrying out audit engagements in the field should not only follow the audit procedures summarized in the audit program, but must also be accompanied by professional skepticism. Public accounting professional standards define professional skepticism as an auditor's attitude that includes a mind that always questions and critically evaluates audit evidence.

An auditor who is skeptical, will not just accept the explanation from the clients, but will ask questions to obtain reasons, evidences and confirmations regarding the objects in questions. Without applying professional skepticism, auditors will only find misstatements caused by mistakes and it is difficult to find misstatements caused by fraud, because fraud will usually be hidden by the perpetrators.

Fraud detection is the result of an examination carried out by an Internal Auditor in reviewing the rules or Standard Operating Procedures, commonly known as SOPs, which are determined to prevent fraud in the company.

From the results of the explanation above, skepticism is an internal attitude that is required of an internal auditor while fraud detection is the result of an examination conducted by an internal auditor so that it can be concluded that professional skepticism affects fraud detection.

The results of this study are supported by the research of Bagus et al. (2018); Fullerton and Durtschi (2011) and Prayogi and Sudaryati (2019) where professional skepticism exerts a strong influence on fraud detection. There has been no research that does not support the results of this study, this is due to the very importance of professional skepticism in carrying out all internal auditor assignments.

7. CONCLUSIONS AND SUGGESTIONS

Based on the analytical results and previous discussion of the variables of spiritual intelligence, professional skepticism and fraud detection, it can be concluded that:

- a. The spiritual intelligence of an internal auditor has no effect on the ability to detect fraud. This is because measuring the spiritual does not only include empirical facts, social realities, and human phenomena, but also related to divine issues.
- b. Professional skepticism affects the ability to detect fraud. An auditor who always cultivate a professional skepticism in carrying out each assignment will be able to detect existing fraud.

This study has several limitations, including this research assumes that the only factors affecting internal auditors in detecting fraud are spiritual intelligence and professional skepticism. While the reality in the field there are still many factors that influence fraud detection which are not used in this study. Furthermore, the sample used in this study is limited to only 90 Internal Auditors in private media companies in DKI Jakarta, which are too few, so the questionnaires obtained by the author are not optimal.

Based on the limitations described above, it is suggested for further researchers to use different variables from this study as an interpretation of the factors that affect the detection of fraud by the Internal Auditor. Regarding the research sample, it is advisable for future researchers not to be limited to media companies, but other types of companies such as finance, manufacture, etc. This is done so that the results can be more reflective the existing conditions in the field.

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