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Mitigating Fraud in Social Assistance: Enhancing the Role of Government External Auditor

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A B S T R A C T

Accountability in distributing social assistance funds is vital for transparency and reducing irregularities. This study explores how risk assessment, auditor competence, and professional skepticism enhance auditors' ability to detect irregularities in government social assistance programs. The results indicate these factors significantly improve auditors' expertise, highlighting their crucial role in public sector audits. This research is unique in addressing the challenges of auditing social assistance programs, an area often overlooked. Practical implications include improving audit practices through better risk evaluation, competence development, and fostering professional skepticism. Strengthening these aspects can enhance governance and public trust in managing social assistance funds.

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INTRODUCTION

The effective distribution of social assistance funds is essential in addressing social inequality and improving the welfare of vulnerable populations (Khoirunisa & Sulaeman, 2022; Niño-Zarazúa, 2019). These funds represent significant government expenditures to provide a safety net for citizens facing economic and social challenges (Igwe & Inyiama, 2024; Okada & Samreth, 2021). However, such programs' management often encounters fraud, inefficiency, and misallocation issues, undermining their intended impact (Wati & Chandra, 2022). Consequently, ensuring transparency and accountability in distributing social assistance has become a critical focus for policymakers and public auditors. Government social assistance programs are designed to mitigate social risks by transferring monetary or in-kind benefits to targeted beneficiaries (Achmad, 2024). However, their implementation could be more complex, including inaccurate targeting, unverified beneficiary data, and irregularities in fund distribution (Rulandari et al., 2022). These issues compromise the programs' effectiveness and erode public trust in government spending. In response, robust auditing mechanisms are required to ensure social assistance funds reach their intended recipients while preventing mismanagement and fraud (McLaughlin et al., 2021).

Auditors play a pivotal role in safeguarding public resources by identifying irregularities and ensuring compliance with regulatory frameworks (Caputo et al., 2021). Risk assessment, competence, and professional skepticism are key factors that enhance auditors' effectiveness (Safarzadeh & Mohammadian, 2024). Risk assessment enables auditors to focus on high-risk areas, optimizing the allocation of audit resources (Artati & Noviyanti, 2020). Auditor competence, characterized by technical knowledge, skills, and experience, accurately evaluates complex financial processes (Saputro & Mappanyukki, 2022). Meanwhile, professional skepticism—marked by a questioning attitude and critical evaluation of evidence—is crucial for detecting fraud and inconsistencies (Said & Munandar, 2018a; Suriani et al., 2023).

The importance of these factors is underscored in the context of government social assistance programs, where the risks of fraud and inefficiency are elevated (Rulandari et al., 2022). Misallocation of funds, improper targeting, and fraudulent claims are common challenges, necessitating a high level of auditor expertise (Forgione, 2020). Despite their significance, the specific roles of risk assessment, competence, and professional skepticism in social assistance auditing still need to be explored in the literature. Most studies on public sector auditing tend to focus on broader governance and accountability issues, with limited attention to the unique challenges social assistance programs pose.

This study addresses this gap by examining the influence of risk assessment, auditor competence, and professional skepticism on auditors' ability to detect irregularities in social assistance distribution. The research is grounded in Indonesia, where social assistance programs are critical to government spending. The Audit Board of the Republic of Indonesia serves as the primary external auditor responsible for evaluating the management of these programs.

Despite its mandate, it faces challenges in ensuring the effective use of social assistance funds, as evidenced by recurring fraud and misconduct inefficiency.

This study's novelty lies in its focus on the public sector, particularly social assistance programs, which represent a distinct and high-risk area of auditing. Unlike private sector audits, public sector audits involve a broader scope of accountability, encompassing financial accuracy and achieving social objectives. This study contributes to the literature by providing empirical evidence on the factors that enhance auditor expertise in this unique context. It offers insights into how auditing practices can be improved to address the specific challenges of social assistance programs.

The findings of this study have significant practical implications for policymakers, audit institutions, and practitioners. For policymakers, the results highlight the need for targeted investments in auditor training and capacity building, particularly in risk assessment and fraud detection. For audit institutions, the study underscores the importance of fostering a culture of professional skepticism and equipping auditors with advanced tools and methodologies. Furthermore, practitioners can benefit from the study's insights into best practices for auditing social assistance programs, enabling them to enhance their effectiveness and contribute to improved outcomes governance.

This study employs a robust methodological approach, ensuring the reliability and validity of its findings. Focusing on the auditors' experiences at BPK RI captures Indonesia's unique challenges and opportunities associated with auditing social assistance programs. The research design incorporates theoretical and practical dimensions, providing a comprehensive understanding of the factors influencing auditor expertise. Moreover, the study's emphasis on empirical evidence ensures that its recommendations are grounded in real-world practices, enhancing their relevance and applicability. In conclusion, this study aims to bridge the gap between theory and practice in auditing social assistance programs. By highlighting the critical roles of risk assessment, auditor competence, and professional skepticism provide a roadmap for improving audit practices and strengthening accountability in public spending. As governments worldwide face increasing scrutiny over the management of public resources, the findings of this study are timely and relevant, offering valuable insights for enhancing transparency and trust in social assistance programs.

This study seeks to examine the factors influencing auditors' expertise in detecting irregularities in the distribution of central government social assistance expenditures. Specifically, it investigates whether risk assessment enhances auditors' ability to identify irregularities, whether auditor competence plays a significant role in improving their expertise, and whether professional skepticism contributes to strengthening their detection capabilities. By addressing these aspects, the research aims to provide insights into how these factors collectively impact the effectiveness of audits in ensuring accountability and transparency in government-managed social assistance programs.

LITERATURE REVIEW

Agency Theory

Agency theory explains that an "agency relationship is a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent" (Jensen & Meckling, 1976). This theory emerged as business activities were no longer always managed directly by the owners, leading to the delegation of management responsibilities to agents. Owners then rely on auditors to assess the reliability of financial reports prepared by these agents. The importance of agency theory has grown alongside the expansion of global capital markets, where agents are increasingly required to ensure financial accountability. Based on this theory, the principal-agent relationship is inherently affected by information asymmetry, where agents possess more detailed knowledge about the company's actual condition than principals. This imbalance creates opportunities for agents to act in their own interests, potentially at the expense of the principals, leading to moral hazard. In financial reporting, management often engages in fraudulent activities to gain personal benefits, influenced by both internal and external factors. As a result, professionals, directors, executives, and accountants face heightened expectations from shareholders and other stakeholders regarding corporate integrity. As business environments become more complex and pressures intensify, the role of independent auditors becomes crucial in providing assurance that financial statements comply with applicable standards and accurately represent the company's financial position. Additionally, auditors must ensure that financial reports are free from material misstatements caused by fraud, thereby reinforcing transparency and trust among stakeholders.

Attribution Theory

Attribution theory was developed by Fritz Heider in his book The Psychology of Interpersonal Relations. Essentially, attribution theory is an analysis of the cause-and-effect relationship in behavior (Newcomb & Heider, 1958). According to Heider, attribution theory explains human behavior by determining whether it is caused by internal factors (such as ability, knowledge, or effort) or external factors (such as luck, opportunity, or environment). Internally caused behavior is believed to be under the individual's personal control, while externally caused behavior is seen as a result of external forces, where individuals act due to situational constraints. Attribution theory serves as a foundation for identifying the factors influencing auditors in fraud detection. It explains how individuals interpret the causes of their own or others' behavior, whether driven by internal factors (such as traits, character, and attitudes) or external factors (such as situational pressures or specific circumstances) that shape individual actions. In this study, attribution theory is used to explain how risk assessment, competence, and professional skepticism influence auditors' decisions and responsibilities in detecting irregularities in the distribution of central government social assistance expenditures.

Auditor Expertise

An expert auditor is an individual or organization with specialized expertise beyond accounting or auditing, whose work in that field is used by auditors to obtain sufficient and appropriate audit evidence. Expert auditors can be either internal auditors or external auditors (IAASB, 2009). Bonner defines auditor expertise as a combination of knowledge and inherent ability, enabling auditors to perform specific audit tasks effectively, which is developed through experience and specialized training (Bonner & Lewis, 1990). There are at least three types of knowledge and one type of ability that determine expertise in conducting audits. First, auditors must have fundamental general knowledge, including accounting and auditing knowledge, an understanding of generally accepted accounting principles, auditing standards, and the flow of transactions within an accounting system. This foundational knowledge is acquired through formal education and general auditing experience. The second type of knowledge is subspecialty expertise related to specific industries or clients, which is obtained through experience with certain audit clients, industries, or corporate training in that specialized area (Bonner & Lewis, 1990). Auditor experience is defined as the entire learning process undertaken by an auditor to enhance their quality and competence (Knapp & Knapp, 2001). Experience is gained through multiple audit assignments (Sanjaya Adi Putra & Dwirandra, 2019), meaning that an experienced auditor can be recognized by their ability to conduct audits in compliance with standards and ethical codes, their understanding of the audit object or auditee, and their ability to apply relevant accounting standards effectively.

Risk Assessment

Risk assessment procedures are audit procedures conducted to gain an understanding of an entity and its environment, including its internal controls, to identify and assess the risk of material misstatement, whether due to fraud or error, at the financial statement assertion level (IAPI, 2021). Auditor work requires expertise, and risk assessment procedures are essential for auditors in carrying out their duties, particularly in making judgments and conclusions to detect fraud. The influence of risk assessment on auditor expertise in fraud detection is highlighted in research by Aminudin & Suryandari (2016), which found that fraud risk assessment has a positive and significant impact on an auditor's ability to detect fraud. Auditors must enhance fraud risk assessment when encountering fraud symptoms, as their findings confirm the critical role of risk assessment in fraud detection. Risk assessment is the initial phase where auditors must conduct pre-engagement activities and audit planning by developing appropriate audit procedures. Research findings indicate that audit procedures significantly affect an auditor’s responsibility in fraud detection, demonstrating that the better the audit procedures applied, the more effective the auditor’s responsibility in fraud detection (Nuraisya & Chariri, 2016). This confirms a significant relationship between risk assessment and auditor expertise in fraud detection, particularly concerning irregularities in the implementation of social assistance expenditures as part of central government spending. Thus, the hypothesis is:

H1: Risk assessment has a positive influence on auditor expertise in detecting irregularities in the distribution of central government social assistance.

Competence

Competence refers to the education, knowledge, and experience an individual possesses, both in auditing and specific fields, as well as the training necessary to add value to an organization through performance and the skills required to complete tasks effectively (Arens et al., 2016). Auditors must have competence, which includes formal education in auditing and accounting, as well as sufficient practical experience relevant to their work. Research conducted by Agustin & Septiawan (2023) also indicates that auditors with adequate experience and education enhance their ability to recognize fraud. Similarly, a study by Indriani et al. (2022) found that competence has a partial positive effect on fraud detection. Previous research by Susanto et al. (2019) on BPK examiners also concluded that auditor competence directly and positively influences fraud detection levels, where higher auditor competence leads to increased fraud detection capability. Thus, it can be concluded that auditor competence broadens and deepens their expertise in conducting audit assignments, including fraud detection. The higher the auditor's competence, the better their responsibility in detecting fraud. When auditing social assistance expenditures from the Central Government, competent auditors are required to ensure a thorough and effective examination. Thus, the hypothesis is:

H2: Auditor competence has a positive influence on auditor expertise in detecting irregularities in the distribution of central government social assistance.

Professional Skepticism

Professional skepticism refers to a critical and questioning attitude in evaluating audit evidence to obtain sufficient assurance in detecting errors or fraud in financial reporting. Audit quality, in this context, is defined as an audit conducted in accordance with applicable guidelines and standards, enabling auditors to identify and report errors or fraudulent financial statements. According to attribution theory, professional skepticism is an internal factor that influences behavior, including traits, attitudes, and character (Newcomb & Heider, 1958). The ability to detect fraud increases with a high level of skepticism, as auditors will seek additional information when faced with fraud indicators. Auditors with high levels of professional skepticism and competence are more likely to detect fraud (Said & Munandar, 2018). The influence of professional skepticism on an auditor's ability to detect fraud is supported by research conducted by Sanjaya Adi Putra & Dwirandra (2019) and Fadhilah (2018), which found that professional skepticism positively affects an auditor's ability to detect fraudulent financial reporting. Additionally, findings by Agustina et al. (2021) emphasize the importance of professional skepticism in enhancing fraud detection. These findings confirm a significant relationship between professional skepticism and auditor expertise in detecting financial irregularities and fraud. Thus, the hypothesis is:

H3: Professional skepticism has a positive influence on auditor expertise in detecting irregularities in the distribution of central government social assistance.

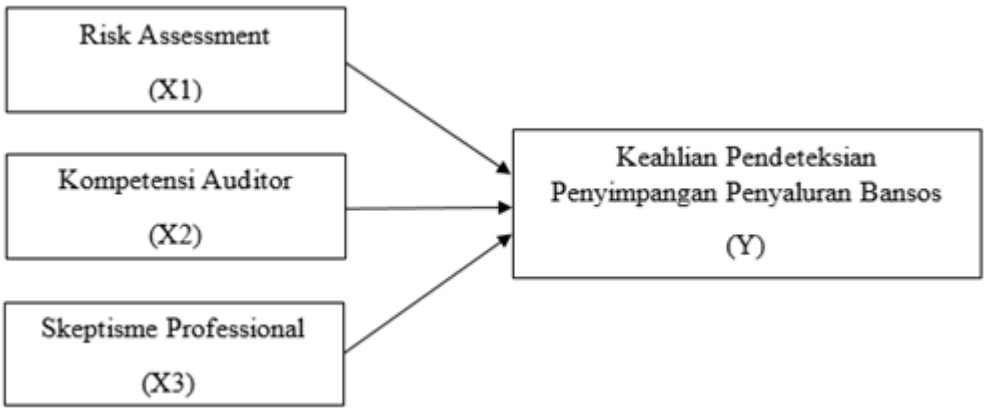

Figure 1. Conceptual Framework

METHODOLOGY

Research Design

This study adopts a quantitative approach to examine the influence of risk assessment, auditor competence, and professional skepticism on auditor expertise in detecting irregularities in social assistance distribution. The study employs a survey method to collect primary data from auditors at the Audit Board of the Republic of Indonesia (BPK RI). The quantitative approach is selected because it effectively measures the relationships between variables and tests hypotheses. The survey method captures auditors' perceptions and experiences regarding risk assessment, competence, and professional skepticism in their audit tasks.

Population and Sample

This study focuses on auditors at BPK RI headquarters involved in auditing social assistance programs. Using purposive sampling, 100 auditors were selected to ensure adequate representation while maintaining feasibility. The sample size was determined based on three key considerations. First, given the limited population of relevant auditors, selecting 100 respondents aligns with purposive sampling guidelines, emphasizing expertise and relevance. Second, Slovin's formula with a 7% margin of error confirms the adequacy of this sample for meaningful statistical analysis using Structural Equation Modeling (SEM). Third, the inclusion criteria ensure respondents have the necessary experience and training in fraud detection and professional skepticism. Eligible participants are functional auditors (junior, first, or senior expert examiners) with experience in social assistance audits.

Data Collection

Data for this study were collected using structured questionnaires distributed to selected respondents. The questionnaire was designed based on relevant theoretical frameworks, previous research, and operational definitions of variables. The questionnaire measured four key variables: risk assessment, which evaluates auditors' ability to identify, analyze, and prioritize audit risks;

auditor competence, assessing technical knowledge, audit skills, and experience; professional skepticism, which examines auditors' questioning mindset and critical evaluation skills; and auditor expertise, focusing on their ability to detect irregularities and resolve issues in social assistance distribution. Items were carefully adapted from existing validated scales where applicable to ensure they accurately captured the intended dimensions. Additionally, expert reviews from academic supervisors and field practitioners were conducted to refine the questionnaire and enhance its relevance. To ensure clarity and relevance, the questionnaire was pre-tested with a small group of auditors. Respondents rated their agreement with each statement on a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Data Analysist

Data were analyzed using statistical techniques to examine the relationships between variables and test the hypotheses. The analysis began with descriptive statistics, summarizing respondents' demographic characteristics and overall scores for each variable. Means and standard deviations were calculated to provide an overview of auditors' perceptions. Next, reliability and validity testing were conducted to ensure the internal consistency of the measurement items. Cronbach's alpha was used to assess reliability, with a threshold of 0.70, while convergent and discriminant validity were evaluated through composite reliability and Average Variance Extraction (AVE). Finally, hypothesis testing was performed using Structural Equation Modeling (SEM) to examine the relationships between risk assessment, auditor competence, professional skepticism, and auditor expertise. Path coefficients, t-statistics, and p-values were calculated to determine the significance of each relationship, and model fit indices were assessed to confirm the structural model's adequacy.

Validity and Reliability Testing

To ensure the validity of the instrument, construct validity was assessed using Confirmatory Factor Analysis (CFA) through Partial Least Squares (PLS). This analysis confirmed whether the items grouped under each variable formed a coherent construct. Convergent and discriminant validity were tested through outer loadings, with low-loading items either removed or revised, while the Average Variance Extracted (AVE) was calculated to ensure that the constructs explained sufficient variance in the observed variables. Furthermore, the Fornell-Larcker Criterion and cross-loadings were examined to confirm the distinctiveness of each construct. Reliability testing was conducted using Cronbach's Alpha and Composite Reliability (CR) to assess internal consistency. Through this rigorous process, the questionnaire was validated, ensuring that it was both reliable and robust before being used for data collection.

RESEARCH RESULT

Descriptive Analysist

Table 1. Descriptive Analysist of Risk Assessment

Indicators	Frequences and Percentages					Mean
	SD	D	N	A	SA	
X1.1	4 (4%)	5 (5%)	31 (31%)	34 (34%)	26 (26%)	3,730
X1.2	2 (2%)	2 (2%)	11 (11%)	42 (42%)	43 (43%)	4,220
X1.3	0 (0%)	2 (2%)	13 (13%)	48 (48%)	37 (37%)	4,200
X1.4	0 (0%)	5 (5%)	14 (14%)	56 (56%)	25 (25%)	4,010
X1.5	19 (19%)	51 (51%)	16 (16%)	11 (11%)	3 (3%)	2,280
X1.6	0 (0%)	3 (3%)	21 (21%)	55 (55%)	21 (21%)	3,940
X1.7	0 (0%)	2 (2%)	30 (30%)	42 (42%)	26 (26%)	3,920
X1.8	0 (0%)	2 (2%)	9 (9%)	47 (47%)	42 (42%)	4,290
Mean						3,823

The risk assessment variable, composed of eight indicators, yielded a total mean score of 3.823, indicating that respondents generally agreed with the statements associated with this dimension. The highest score was observed in indicator X1.8 (4.290), reflecting the auditors' frequent reliance on internal audit (APIP) reviews during the planning phase to assess audit risks. This finding underscores the importance of internal collaboration in strengthening risk assessment processes. However, the lowest score, recorded in indicator X1.5 (2.280), reveals auditors are less inclined to utilize prior team assessments when analyzing business process risks. This suggests a potential gap in leveraging historical data for effective risk identification. Overall, the findings demonstrate that auditors actively engage with various information sources and possess a sound understanding of key audit tasks, including evaluating organizational characteristics, internal controls, and compliance with relevant policies.

Table 2. Descriptive Analysist of Competence

Indicators	Frequences and Percentages					Mean
	SD	D	N	A	SA	
X2.1	1 (1%)	1 (1%)	33 (33%)	41 (41%)	24 (24%)	3.860
X2.2	0 (0%)	1 (1%)	29 (29%)	46 (46%)	24 (24%)	3.930
X2.3	0 (0%)	1 (1%)	38 (38%)	38 (38%)	23 (23%)	3.830
X2.4	0 (0%)	4 (4%)	27 (27%)	41 (41%)	28 (28%)	3.930
X2.5	14 (14%)	42 (42%)	19 (19%)	23 (23%)	2 (2%)	2.570
X2.6	0 (0%)	4 (4%)	35 (35%)	36 (36%)	25 (25%)	3.820
X2.7	0 (0%)	2 (2%)	24 (24%)	46 (46%)	28 (28%)	4.000
Mean						3,705

For the competence variable, comprising seven indicators, the total mean score was 3.705, indicating a good level of auditor competence. The highest score was attributed to indicator X2.7 (4.000), where auditors reported being highly attentive to deadlines when evaluating the sufficiency of audit evidence. This

reflects their ability to balance thoroughness with timeliness in audit tasks. Conversely, the lowest score was recorded for indicator X2.5 (2.570), suggesting that auditors occasionally rely on less credible sources, such as mass media, rather than on scholarly literature for detecting irregularities in social assistance management. This reliance on non-scholarly sources highlights an opportunity to enhance audit quality by encouraging the use of reliable and validated information. Despite these gaps, the findings suggest that auditors exhibit a strong understanding of business processes and engage in regular discussions to refine their knowledge and practice competence.

Table 3. Descriptive Analysist of Professional Skepticism

Indicators	Frequences and Percentages					Mean
	SD	D	N	A	SA	
X3.1	0 (0%)	0 (0%)	22 (22%)	45 (45%)	33 (33%)	4.110
X3.2	0 (0%)	4 (4%)	20 (20%)	45 (45%)	31 (31%)	4.030
X3.3	2 (2%)	3 (3%)	22 (22%)	39 (39%)	34 (34%)	4.000
X3.4	0 (0%)	2 (2%)	29 (29%)	39 (39%)	30 (30%)	3.970
X3.5	0 (0%)	2 (2%)	28 (28%)	44 (44%)	26 (26%)	3.940
X3.6	3 (3%)	4 (4%)	29 (29%)	40 (40%)	24 (24%)	3.780
Mean						3,971

The professional skepticism variable, consisting of six indicators, revealed a mean score of 3.971, indicating high skepticism among respondents. The highest score was observed in indicator X3.1 (4.110), showing that auditors consistently question the evidence they encounter during audits. This proactive attitude is critical for identifying inconsistencies and potential fraud. However, indicator X3.6 received the lowest score (3.780), indicating that auditors tend only to provide recommendations for fraud-related issues once all supporting evidence has been thoroughly validated. While this cautious approach ensures accuracy and validity, it may slow the overall audit process. The findings suggest auditors maintain a questioning mindset and prioritize thorough evaluations, which is essential for high-quality audit outcomes.

Table 4. Descriptive Analysist of Auditor Expertise

Indicators	Frequences and Percentages					Mean
	SD	D	N	A	SA	
Y.1	0 (0%)	1 (1%)	26 (26%)	40 (40%)	33 (33%)	4.050
Y.2	0 (0%)	3 (3%)	21 (21%)	44 (44%)	32 (32%)	4.050
Y.3	1 (1%)	1 (1%)	19 (19%)	49 (49%)	30 (30%)	4.060
Y.4	0 (0%)	2 (2%)	18 (18%)	43 (43%)	37 (37%)	4.150
Y.5	2 (2%)	5 (5%)	32 (32%)	35 (35%)	26 (26%)	3.780
Y.6	2 (2%)	7 (7%)	26 (26%)	39 (39%)	26 (26%)	3.800
Mean						3,981

The auditor expertise variable, comprising six indicators, achieved the highest overall mean score among all variables at 3.981, demonstrating that

auditors possess a high level of expertise in detecting irregularities. Indicator Y4 recorded the highest mean score (4.150), highlighting auditors' ability to identify significant contract value differences as a routine part of the procurement review process. On the other hand, the lowest score was found in indicator Y5 (3.780), which reflects the auditors' less thorough matching of recipient data with accountability reports and institutional records. This indicates a need for improved data verification practices to ensure the accuracy and reliability of beneficiary lists. Overall, the findings emphasize that auditors are well-equipped to address critical aspects of social assistance management but could benefit from enhanced practices in data validation to strengthen their effectiveness.

Outer and Inner Model Evaluation

The evaluation of the outer model ensures that the measurement model accurately reflects the intended constructs. This process assessed factor loadings, Average Variance Extracted (AVE), composite reliability, and Cronbach's alpha. Indicators with factor loadings greater than 0.70 were retained, ensuring that all items reliably represented their respective latent variables. The AVE values for all constructs exceeded the threshold of 0.50, demonstrating adequate convergent validity. Furthermore, the composite reliability and Cronbach's alpha values for all constructs were above 0.70, indicating strong internal consistency reliability. To assess discriminant validity, the Fornell-Larcker criterion and cross-loadings were analyzed. The Fornell-Larcker criterion was met as each construct's AVE was greater than the squared correlations with other constructs, confirming the distinctiveness of each variable. Cross-loadings also confirmed discriminant validity, with indicators loading higher on their respective constructs than on others. The inner model evaluation focused on the structural model, analyzing the coefficient of determination (R^2), path coefficients, and t-statistics. The R^2 values for the dependent variable, auditor expertise, indicated that the model explains a substantial proportion of its variance. The path coefficients were analyzed to assess the relationships between risk assessment, auditor competence, professional skepticism, and auditor expertise. Bootstrapping results confirmed that all hypothesized relationships were statistically significant, with t-values exceeding the critical threshold and p-values below 0.05. These findings establish that risk assessment, auditor competence, and professional skepticism significantly enhance auditor expertise in detecting irregularities in social assistance distribution.

Table 5. Outer and Inner Model Results

Variable	Item	Loadings	AVE	Fornell larcker				Cross Loadings				CA	Rho _a	Rho _c	R^2
				Y	X2	X1	X3	X1	X2	X3	Y				
Risk Assessment (X1)	X1.1	0.75	0.628	**0.842**				**0.75**	0.501	0.485	0.543	0.901	0.904	0.922	
	X1.2	0.789						**0.789**	0.505	0.498	0.571				
	X1.3	0.776						**0.776**	0.552	0.505	0.591				
	X1.4	0.840						**0.84**	0.595	0.595	0.655				
	X1.6	0.828						**0.828**	0.614	0.725	0.631				
	X1.7	0.770						**0.77**	0.7	0.723	0.693				
	X1.8	0.789						**0.789**	0.589	0.598	0.673				
Competency (X2)	X2.1	0.897	0.777	0.791	**0.792**			0.702	**0.897**	0.693	0.727	0.942	0.945	0.954	
	X2.2	0.922						0.72	**0.922**	0.725	0.749				
	X2.3	0.918						0.718	**0.918**	0.75	0.725				
	X2.4	0.850						0.531	**0.85**	0.703	0.624				
	X2.6	0.857						0.64	**0.857**	0.682	0.703				
	X2.7	0.841						0.645	**0.841**	0.691	0.681				
Professional Skepticism (X3)	X3.1	0.838	0.72	0.798	0.752	**0.881**		0.589	0.67	**0.838**	0.665	0.922	0.924	0.939	
	X3.2	0.875						0.627	0.694	**0.875**	0.682				
	X3.3	0.835						0.684	0.644	**0.835**	0.744				
	X3.4	0.869						0.672	0.673	**0.869**	0.683				
	X3.5	0.865						0.617	0.723	**0.865**	0.765				
	X2.6	0.806						0.556	0.677	**0.806**	0.654				
Auditor Expertise (Y)	Y.1	0.871	0.709	0.826	0.737	0.802	**0.848**	0.721	0.697	0.705	**0.871**	0.917	0.92	0.936	0.772
	Y.2	0.850						0.723	0.64	0.651	**0.85**				
	Y.3	0.875						0.711	0.704	0.708	**0.875**				
	Y.4	0.772						0.609	0.565	0.615	**0.772**				
	Y.5	0.845						0.616	0.711	0.748	**0.845**				
	Y.6	0.833						0.61	0.701	0.74	**0.833**				

Hypothesis Testing

This stage aims to determine whether the model's proposed research hypotheses are accepted or rejected. The hypotheses are tested using path coefficients, T-statistics through the bootstrapping procedure, and p-values. According to Hair et al. (2018), path coefficients range from -1 to +1, where values closer to +1 represent a strong positive relationship, while values closer to -1 indicate a strong negative relationship (Avkiran et al., 2018). The T-statistics from bootstrapping assess the significance of the relationships between constructs. Ramayah et al. (2017) suggests using a re-sample size of 5,000 for bootstrapping. A T-statistic threshold of ±1.96 is used to accept or reject the hypothesis, meaning that if the T-statistic falls between -1.96 and 1.96, the null hypothesis (H0) is accepted (Table 6).

Table 6. Hypothesis Testing

	Original sample (O)	T statistics (|O/STDEV|)	P values	Note
Risk Assessment → Auditor Expertise	0.315	3.230	0.001	Accepted
Competence → Auditor Expertise	0.237	2.309	0.021	Accepted
Professional Skepticism → Auditor Expertise	0.404	3.756	0.000	Accepted

The relationship between Risk Assessment and Auditor Expertise has an original sample value of 0.315, a T-statistic of 3.230, and a p-value of 0.001, indicating that the relationship is both positive and significant. This means that the higher the risk assessment, the greater the auditor's expertise in detecting

irregularities in social assistance distribution. Based on this, it can be concluded that H1, "Risk Assessment positively influences auditor expertise in "detecting irregularities in social assistance distribution," is accepted.

The relationship between competence and auditor expertise has an original sample value of 0.237, a T-statistic of 2.309, and a p-value of 0.021, demonstrating a positive and significant relationship. This implies that higher auditor competence correlates with improved expertise in detecting irregularities. Similarly, the relationship between professional skepticism and auditor expertise presents an original sample value of 0.404, a T-statistic of 3.756, and a p-value of 0.000, indicating a strong and significant positive relationship. Thus, hypotheses H2 and H3, which state that "competence" and "professional skepticism" positively influence auditor expertise, are both accepted.

The relationship between the Professional Skepticism variable and the Auditor Expertise variable has an original sample value of 0.404, a T-statistic of 2.309, and a P-value of 0.000, indicating that this relationship is accepted as positive and significant. This means that the higher the level of professional skepticism, the better the auditor's expertise. Based on the explanation above, it can be concluded that H3 in this study, "Professional skepticism has a positive effect on auditor expertise in detecting irregularities in the distribution of social assistance expenditures (bansos)," is accepted.

Findings

This study demonstrates that Risk Assessment positively and significantly impacts auditor expertise in detecting irregularities in the distribution of social assistance funds. Auditors who conduct comprehensive risk assessments improve their ability to identify irregularities, confirming that practical risk evaluation during audit planning is crucial. Previous studies, such as those by Golicha and Onsiro (2022), support these findings by emphasizing that thorough risk assessments help auditors focus on areas with a higher likelihood of irregularities. These results highlight the importance of integrating structured risk assessment procedures into the audit process and ensuring auditors receive the necessary tools and training to enhance their evaluation skills.

The results also show that Competence positively influences auditors' ability to detect irregularities in social assistance programs. Competent auditors, who possess advanced knowledge and skills, are better equipped to analyze data and identify risks, contributing to more effective audits. This finding aligns with research by Alsabahi et al. (2021) and Kartika & Pramuka (2019) which stress the importance of auditor competence in improving audit quality. Continuous education and training are essential for enhancing auditor competence, and institutions should invest in these areas to ensure their auditors are prepared to handle complex audit tasks effectively.

Lastly, Professional Skepticism is found to significantly influence auditor expertise in detecting irregularities. Auditors with higher levels of skepticism are more likely to question evidence critically and detect inconsistencies. Studies by Siahay et al. (2023) and Xu et al. (2023) reinforce this, showing that skeptical auditors are more thorough in verifying information and identifying irregularities. Developing professional skepticism through targeted training can

greatly enhance audit effectiveness. Institutions should prioritize fostering auditors' skeptical attitudes, ensuring thorough and critical audits, which ultimately improve transparency and accountability in managing social assistance funds.

DISCUSSION

The findings of this study confirm the significant role of risk assessment, auditor competence, and professional skepticism in enhancing auditor expertise in detecting irregularities in social assistance distribution. The results indicate that auditors who conduct comprehensive risk assessments are more effective in identifying potential fraud, corroborating prior research (Golicha & Onsiro, 2022). This suggests that integrating structured risk assessment frameworks can enhance the precision and efficiency of audits, ultimately improving the governance of social assistance funds.

Additionally, auditor competence plays a crucial role in fraud detection. Auditors with higher technical skills, professional knowledge, and experience demonstrate a greater ability to identify financial irregularities, aligning with prior studies (Alsabahi et al., 2021; Kartika & Pramuka, 2019). This underscores the necessity of continuous professional development programs that equip auditors with advanced analytical and forensic accounting skills to navigate the complexities of social assistance audits.

Furthermore, professional skepticism significantly influences auditors' ability to detect irregularities. Auditors with a high degree of skepticism adopt a questioning mindset and rigorously assess audit evidence, enhancing their capacity to uncover fraudulent activities (Xu et al., 2023). This finding emphasizes the importance of fostering a culture of skepticism within auditing institutions through targeted training and mentorship programs that encourage critical evaluation of financial data.

These findings have practical implications for policymakers and auditing institutions. Strengthening risk assessment methodologies, enhancing auditor training programs, and cultivating a culture of professional skepticism can significantly improve the effectiveness of audits in social assistance programs. Additionally, leveraging technology-driven audit tools, such as data analytics and AI-based fraud detection, can further refine the accuracy and efficiency of risk assessments. Overall, this study contributes to the public sector auditing literature by providing empirical evidence on the determinants of effective fraud detection in social assistance programs. Given the high-risk nature of these programs, future research should explore the integration of predictive analytics, blockchain-based auditing systems, and machine learning models to further enhance the integrity and accountability of public sector financial management.

Auditors can improve fraud detection by strengthening their risk assessment skills through predictive modeling, forensic data analysis, and structured frameworks that incorporate internal audit findings and regulatory insights. Focusing on high-risk areas and using historical fraud patterns can enhance audit planning and effectiveness. Enhancing auditor competence is also crucial. Continuous training in fraud detection, forensic auditing, and digital

forensic techniques can help auditors identify anomalies in financial transactions. Learning from past fraud cases, collaborating with forensic experts, and adopting a questioning mindset can further improve their ability to detect irregularities. Technology and collaboration play a key role in strengthening fraud detection. AI-driven anomaly detection, data mining, and blockchain verification can improve efficiency, while peer reviews and automated audit workflows can enhance accuracy. Strengthening cooperation between external auditors, internal audit units, and law enforcement agencies, along with promoting whistleblower mechanisms, can help create a more transparent and accountable auditing process.

CONCLUSIONS AND RECOMMENDATIONS

The findings of this study highlight the critical role of risk assessment, auditor competence, and professional skepticism in enhancing fraud detection within social assistance programs. While these factors significantly improve auditors' ability to detect irregularities, their effectiveness depends on continuous skill development, structured audit methodologies, and technological integration. Simply identifying the impact of these elements is not enough—there is a pressing need to translate these insights into practical improvements in audit practices.

To strengthen fraud detection efforts, audit institutions should implement structured training programs that focus on forensic auditing, predictive fraud analysis, and the use of AI-driven tools for risk assessment. Developing standardized fraud detection frameworks and enhancing collaboration between external auditors, internal auditors, and regulatory bodies can further improve audit effectiveness. Additionally, fostering a culture of skepticism through peer evaluations, mentorship programs, and real-time fraud monitoring can help auditors remain vigilant against evolving fraud tactics.

Future research should explore how emerging technologies such as blockchain, big data analytics, and machine learning can be integrated into government auditing to enhance fraud detection capabilities. Additionally, expanding the study to different audit institutions and regulatory environments would provide broader insights into best practices for fraud prevention. By taking these steps, audit institutions can move beyond theoretical understanding and actively enhance transparency, accountability, and fraud resilience in social assistance programs.

ADVANCED RESEARCH

This study provides valuable insights into how risk assessment, auditor competence, and professional skepticism enhance fraud detection in social assistance programs. However, some limitations should be considered. The reliance on self-reported data may introduce bias, as auditors' perceptions might not fully reflect their actual effectiveness. Future research could use objective performance measures or case-based simulations. The study also focuses solely on BPK RI auditors, limiting its generalizability. Expanding the sample to auditors from other institutions would provide a broader perspective. Additionally, the cross-sectional design captures responses at a single point,

whereas fraud detection is an evolving process. A longitudinal study could offer deeper insights into changes over time. This research does not consider emerging audit technologies like AI and data analytics, which could enhance fraud detection. Future studies could explore how digital tools improve risk assessment and skepticism. Addressing these limitations will refine audit practices and strengthen public sector accountability.

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