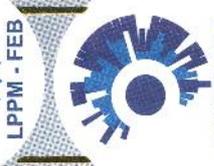


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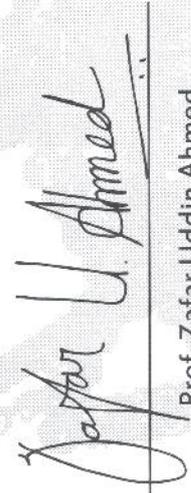
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THE EFFECT OF AUDIT PROCEDURES AND AUDITORS' EXPERIENCE ON AUDITORS' RESPONSIBILITY IN DETECTING FRAUDS: JAVANESE CULTURE AS A MODERATING FACTOR

Ratna Siti Nuraisya
Anis Chariri¹¹

Faculty of Economics and Business
Universitas Diponegoro
Semarang, Indonesia

ABSTRACT

This study examines the influence of audit procedures and auditors' experience on auditors' responsibility in detecting fraud, and to examine whether Javanese culture moderates such relationship. Using data of 35 auditors working at eight public accounting firms in Semarang, this study found that audit procedures and auditors' experience has significant influences on the auditors' responsibility in detecting fraud. In addition Javanese culture was found to negatively moderate the influence of audit procedures and auditors' experience on the responsibilities of auditors in fraud detection.

Keywords : Audit Procedure, Auditor Experience, Auditor Responsibility, Fraud Detection, Javanese Culture.

INTRODUCTION

An auditor has main responsibility for planning and performing audits with practical reassurance of detecting material misstatements in financial reports. But through time, there have been conflicting opinions on the role of auditors with respect to their responsibility in detecting fraud. Though auditors have claimed that fraud detection is an audit objective, since the beginning, the auditor's role has not been well defined, which then resulted in the case of World-Com and Enron, as well as many other accounting scandals (Alleyne & Howard, 2005). Due to that, the auditing and the accounting professions have previously undergone major changes. Following the latest financial calamities, including the collapse of investment banks, the awareness of fraud had increased. Indeed, ACFE (2012) in their worldwide survey has reported that annual fraud costs to overall companies were estimated around 5% of their revenues, which is roughly US\$3.5 trillion annually.

Occupational fraud had been defined by The ACFE (2012, p. 6) as "the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organizations' resources or assets." The common types of fraud would include expense reimbursement schemes, payroll schemes, skimming, creating fictitious creditors, and bribery. In the study, it was stated that the median loss caused by occupational fraud was US\$140,000 and the cases were reported with a median of 18 months before being detected (ACFE, 2012). Comprising of 87% of the cases reported, undoubtedly the most widespread type of occupational fraud was asset misappropriation schemes. Though financial statement fraud plots made up to just 8% of the cases, with US\$1 million, it caused the utmost median loss. In Asia, the common type of fraud was corruption schemes with the percentage of 51%, whereas financial statement fraud only took up to 9%. Based on the Asia-Pacific

¹ Corresponding author: anis_chariri@live.undip.ac.id

Fraud Survey done by Ernst & Young (EY, 2013), in Indonesia, 79% of the survey participants believed that corruption and bribery is common with 36% saying that it is accustomed to use bribes to win long and short term business agreements. It was also noted that the study respondents suspected that when it comes to financial reporting, Indonesia has weak controls. The lack of regulation and allocated resources to fight corruption, bribery, and fraud nationally is mostly to blame.

An example of corruption case in Indonesia would be the massive corruption in the awarding of contracts to build the Hambalang Sports Center in Bogor at the beginning of the year 2013. The project had a budget of Rp 2.5 trillion, but caused Rp 243 billion in state losses. The most recent case would be the fictitious credits given by Syariah Mandiri Bank in Bogor totaling up to Rp 102 billion, that has a potential to cause Rp 59 billion in state loss.

The recent rise in fraud and the nature of corrupt decision making in organizations resulted in the increase of the public outcry for fraud prevention. In response to the massive frauds and public protest, the Sarbanes-Oxley act of 2002 had been acted out, which generated a focus on fraud prevention. Thus Statement on Auditing Standards (SAS) No. 82 *Consideration of Fraud in a Financial Statement* (Auditing Standards Board 1997), which had provided guidance on how auditors should perform an audit had been superseded by SAS No.99. *Consideration of Fraud in a Financial Statement*, the SAS No. 99 was put into practice to develop procedures in detecting fraud. It was argued by Ramos (2003) that SAS No.99 was considered to have the auditor's deliberation of fraud integrated wholly into the audit process from start to end. This new standard requires auditors to audit financial statements with professional skepticism.

Arenset *al.* (2003) have also stated that financial statements should be audited by experienced, independent individual and involves the collection and reviews of evidence to decide and report on the degree of connection between the information and certain established criteria. But it had been found by ACFE (2012, p. 14) on their survey that fraud which had been detected by external audit only fall up to 3.3%. Alleyne and Howard (2005) argued that due to today's technological age, it is becoming more difficult to detect fraud, particularly if it is conspirative in nature and that top managements were able to conceal it. Other than that, extensive fraud detection will result in higher cost and are not efficient. As a result, auditors have argued that it is not fully their responsibility in detecting fraud.

Due to the high cost, in the survey done by EY (2013), 31% of the Indonesian respondents said that complying anti-bribery/anti-corruption (ABAC) laws using technology, such as monitoring transactions or forensic data analysis are not being applied. Furthermore, when asked about the best way to proactively detect fraud, most of them believed that continuous transaction monitoring and whistle-blowing policy are much more effective than stronger internal audit team or using external auditor to assess fraud risk.

The users of financial statements and management perceptions on auditors' judgment and responsibility to detect fraud are gradually decreasing due to the wide expectation gap. Auditors still feel that it is management's responsibility to detect fraud and that companies have effective audit committees that are better equipped, sound internal controls, internal auditors to deal with prevention and detection (Alleyne and Howard, 2005). However, Moyes and Hasan (1996) had argued that the type of auditor was not reliant to the level of fraud detection, since both internal and external have equal capabilities to detect fraud. Watkins *et al.* (2004) concluded that individual auditor judgment produces the quality of an audit and it is also affected by auditor's individual competence.

An important environmental factor influences accounting practices is culture, whether it's their corporate culture or their cultural heritage. Patel *et al.* (2000, 2002) have argued that auditors' judgments are influenced by their collective and individual values, which are the product of country-specific culture in different countries. The relationship between attitudes towards fraud and cultural heritage has also been examined by Watson (2003). It was found that based on their cultural heritage; there is diversity in how people endorse fraud in general. For example, In Japan, the Japanese host was affronted by US businessmen because they turn down gifts, in fear of bribery. But it has been stated before that in Indonesia, bribery has become very common.

When discussing about culture in Indonesia, the Javanese culture has dominated the way of life of its citizens, including the culture of business, social and political activities (Magnis-Suseno 1997). Magnis has also stated that the foundation of Javanese culture is upholding social harmony. Thus, reflecting the principles of respect and conflict avoidance. In the Javanese society, it is noted there is no room for individualism in a social relationship, they prefer much on collectivism (Chariri, 2009).

They believed that individualism, diversity and conflict may threaten that social harmony (Mulder 1994). Therefore, by detecting fraud, auditors may cause conflicts and disrupt the social harmony or their auditor-client relationships. However, auditing is a profession that requires individualism and should remain independent.

Other than culture, the auditors' sense of responsibility in detecting fraud when performing audits is influenced by the audit procedure itself. Though detecting misstatements, errors, and fraud are already a part of the auditing procedure, according to Alleyne & Howard (2005) in Barbados, auditors obstinate that it was not their responsibility to search for illegal acts. Large businesses already have their own extensive internal controls and internal audits department. But then again the AICPA had stated that, "The SAS No.99 reminds auditors that they must approach every audit with professional skepticism and not assume that management is honest."

There are plenty of researches regarding the competence of auditors conducted worldwide. However, studies about the relationship of culture and accounting practices that were done in Asian countries especially Indonesia are limited. Indeed, studies that had examined the relationship of culture and accounting practices, especially in fraud detection and prevention, had been done in China (Chan *et al.* 2003; Lin *et al.* 2008; Hwang *et al.* 2008). Thus, this research attempts to examine the relationship among audit procedures, auditors' experience and auditors responsibility in detecting fraud and how Javanese culture may moderated such relationship. This study at least contributes to the fact that local culture especially Javanese culture is important aspect that must be considered when studying auditor responsibility in detecting fraud.

HYPOTHESIS DEVELOPMENT

Attribution theory attempts to explain causes of behavior (Heider, 1958). The theory explains how individuals interpret events and how this narrates their judgment and performance. This theory is appropriate to the present study in seeking on how auditors perceive their responsibility in detecting fraud under the influence of culture. According to Heider, an individual has two attributes: (1) internal, with the assumption that a person behave in a specific way because of something about the individual, such as personality, attitude or character; (2) external, the presumption that a person behave in a particular way because of something about the condition that individual is in.

According to Kelley and Michela (1980), the theory analyses how causes are attributed when people interpret behavior. It explains the individual's own behavior ("I did X for reason Y") or provides a casual explanation of the behavior of others ("X happened to him because of Y") (Kaplan & Reckers, 1985; Lin *et al.*, 2003). The link between attributions of responsibility and auditors has been investigated in prior studies (Arrington *et al.*, 1985; Jennings *et al.*, 1993; Anderson *et al.*, 1998).

Jaffaret *et al.* (2008) and Haron *et al.* (2011) have adopted the attribution theory to enlighten the effect of the external auditors' skill to assess fraud risk on the ability to sense the probability of fraud. The theory proposes that depending on certain causes to which prior success or failure of a task, the level of future performance of the same task will be expected.

Fraud Detection and Audit Procedure

Fraud takes place in a social setting and is an activity that as severe consequences for the individuals, corporations, and the economy. Hopwood *et al.* (2012) defined fraud as "the result of misleading, intentional actions or inaction (including making misleading statements and omitting relevant information) to gain an advantage. According to the Auditing Standards (SAS) No. 82 and PSA (*Pernyataan Standar Auditing*) No. 70 (AU 316), fraud is identified into two categories: (1) fraudulent financial reporting, and (2) misappropriation of assets. Auditors need external information when analyzing a financial statement and the information are obtained through applying analytical procedures that are up to standards in their audit plans. Previous studies states that auditors' expectations in encountering fraud develop according to the information they have gathered (Knapp, 2001) and that lack of procedures in collecting quality information affects the analysis of financial statements (Akkerman *et al.*, 2008). According to SAS 99 and ISA 120 audit procedures should include: skepticism, brainstorming, conduct risk assessment, identify and assess the risks of material misstatement due to fraud, respond to the assessed risks of material misstatement due to fraud, and obtain written representations. Consequently, we proposed hypothesis as follows

H1 :The audit procedures positively influence the auditors' responsibility in detecting fraud.

Auditors' Experience

A suggestion made by The Public Oversight Board (POB) Panel on Audit Effectiveness in finding the answer to why experienced auditors often fail to detect fraud, is that one factor might be that the auditors do not possess professional skepticism on an appropriate level (POB, 227 & 86). Accounting research have put forward that even more skeptical auditors still fail to detect fraud (Jamal, Johnson, and Berryman, 1995). Hoffman and Patton (1997) suggest that this is because the lack of knowledge that the auditors have that is needed to discover the related risk factors while in the process of carrying out an audit.

However, Carpenter et al. (2002) advocate that while knowledge and skepticism are significant factors in fraud, rather than their experience with auditing financial statements, it is an individual's experience (feedback and practice) with fraud detection that enables them to successfully detect fraud. But they also argued increased skepticism and knowledge acquisition are lead by experience with fraud detection, which then provides depth to professional judgments and increase the skill to detect fraud when it presents.

Experience is found to be a significant aspect of ability and knowledge. Earlier studies have found that the ability to detect fraud may significantly be affected by the auditor's experience (e.g. Benardi, 1994; Moyes and Hasan, 1996; Owusu-Ansah et al., 2002). According to Arens et al. (1999), it is expected that the auditors' knowledge about the level of fraud risk of a particular audit situation influence the external auditor's judgment concerning the existence of fraud in the financial statements of a client. In other words, if the external auditor evaluated the fraud risk as high, then more evidence will be collected and they will have to carry out more extensive audit procedures to make assurance that fraud or any material misstatements are detected. Whereas if the external auditor evaluated the fraud risk as low, their evidence gathering can be less extensive and may lead to less meticulous tests being carried out. Thus, external auditors will become more "relaxed" in their audit work and that there will be a lower possibility that they would be able to detect the probability of fraud than if they had appraised the level of fraud risk as high.

Experienced auditors usually take on more complex cognitive processing and have a more comprehensive knowledge base (Choo and Trotman 1991).

H2 :Auditors' experience and knowledge positively influences the auditors' responsibility in detecting fraud.

Javanese Culture

Hofstede (1980) defined culture as a way of living that influence ones' interaction with others, share beliefs and values. It is also defined as the mind's collective programming which differentiates the members of one organization from another."

The Javanese culture is a complex and diverse topic to discuss since it can refer to the performing arts, language, ethics, the way of life etc. However, this study focuses more on the way of life of the Indonesian society and how the Javanese culture have influence their perspectives and behavior. Based on the view of Magnis-Suseno, the social relations within the Javanese community are influenced by two principles; (1) conflict avoidance (*rukun*), and (2) respect. This is consistent with the study conducted by Geertz (1961), where it states that the Javanese social life is characterized by two principles that have a significant influence, with the first principle asserts that every Javanese should avoid open confrontations in every situation, and the second principle requires precaution when speaking, and that their behavior in the society should reflect respect.

In social interactions within a community, the Javanese values the maintenance of social harmony (*rukun*) and respect. Individuals should know their place and duty, respecting those of superior positions and responsible for their subordinates. *Rukun* is the obligation to suppress all forms of behavior which could lead to open conflict. Therefore, among the Javanese, in order to achieve *rukun*, any types of conflict in a community should be avoided and that it is characterized by cooperation, mutual acceptance, calmness and unity (Magnis-Suseno, 1997).

Magnis-Suseno (1997) insists that the Javanese tend to act in accordance with the *rukun* principle because each individual is frequently under pressure from his environment that demands from him to act in accordance with its expectations and penalizes individualist conduct. The commandments of *rukun* has been internalized in every Javanese that they both experience both guilt and shame when they offend the *rukun* principle.

Following Geertz, the second important principle in the Javanese society is respect, which is based on the belief that all social relationships are ordered in a hierarchical form. In order to maintain the social order, one should not try to develop ambition or compete against others and should be satisfied with their positions (Magnis-Suseno, 1997). In parallel with *rukun*, it concerns with the right forms of outward behavior and not with inner attitudes.

Due to conflict avoidance having an important role in keeping the social harmony and since it is widely known that the majority of the Javanese people rarely expressed their feelings, how the Javanese people express their disagreements are diverse. For example, they will try to avoid difficulties and keep their silence with one another which sometimes ends up with a formal third party mediator (Geertz, 1961). There is an assumption in the international literature concerning the audit process and culture, that an audit environment is impacted by culture, which then may influence the result of the audit process. Hofstede (2001) claims that auditors' decision making might be affected by the existence of cultural differences.

A lot of practices within an organization such as the internal control systems, accounting system, or employees' behavior can be influenced by culture. Chan et al. (2003) supported this idea when they say culture "is an important environmental factor influencing accounting practices and management control system." It also enlightens as to why the accounting standards are different in various countries (Wingate, 1997) and the diversities in views of accounting problems (Cohen et al, 1995; Arnold & Bernardi, 1997). All these past literatures suggest that implementations may vary even if the audit methodology and auditing standards are the same in different countries.

The Javanese culture is considered as collectivism culture based on their principle of *rukun* and respect. Hofstede (2001) stated that in a collective cultured dimension, employees are believed to be a part of the "in group" and act in the importance of the group. There is high communal obligation and loyalty, and employment in these cultures may be alike to a family situation. In addition, people are less likely to form or express judgments individually when they are brought up in a collectivist culture.

H3 : The Javanese culture moderates the influence of audit procedures on auditors' responsibility in detecting fraud.

H4 :The Javanese culture moderates the influence of auditors' experience on their responsibility in detecting fraud.

RESEARCH METHOD

This study analyses one dependent variable, two independent variables, and a moderating variable: Auditors' responsibility in detecting fraud (Y), Audit procedures (X1), Auditors' knowledge and experience (X2), and Javanese Culture (X3). According to SAS No.122 AU-C sec 240, fraud is defined as: "*An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.*" It is also stated that an auditor conducting audit accordance with Generally Accepted Auditing Standards (GAAS) is responsible for obtaining rational assurance that the complete financial statements are free from material misstatements, whether caused by error or fraud. Martens and McEnroe (2001) strengthen the statement above by saying that the SAS was to clarify the auditors' responsibilities in the area of fraud detection. This variable is measured by a 4-point Likert scale with four items (Alleyne & Howard, 2005).

Auditors will go through a much comprehensive audit procedures to detect fraud when putting into practice SAS no. 99. The standard aims to have the auditors' deliberation of fraud impeccably merged into the audit process and is continually updated until its completion. SAS no. 99 provides aspects of a process in which the auditor (1) collects information required to notice the risks of material misstatement caused by fraud, (2) evaluates these risks after taking into account an

assessment of the entity's controls and programs, and (3) act in response to the results. This variable is measured by a 4-point Likert scale with seven items (Alleyne & Howard, 2005).

According to Medin (1978), judgments are presumed to originate solely from accumulated exemplar information, which suggests that prior knowledge of a particular matter influence the judgment of an individual. Thus, knowledge regarding the level of fraud risk of an external auditor in a particular audit situation is expected to influence their judgment concerning the subsistence of fraud in the audit client's financial statements. The auditors will be asked with 10 statements regarding their experience with fraud and auditing (Moyes 2007; Moyes et. al. 2009). The statements that will be measured are; level of understandings regarding red flags (procedure for fraud detection), the ability to detect fraud by using red flags, how often red flags are used, number of attended course related to fraud in the past 3 years, have attended conferences related to detecting fraud by using red flags, the accounting firm has been offering in-house training related to red flags.

The essence on Javanese culture is the upholding of social harmony. The Java community has a very complicated code of ethics and level of respect. This is reflected in the Javanese language. However, efforts to maintain peace and harmony seem to be the main priority in the social relations in the Javanese society. The questionnaire that is developed the measure the Javanese culture is according to the views of Magnis Suseno, that the social relations in the Javanese society are influenced by two basic principles: (1) conflict avoidance and (2) respect. The Javanese culture is measured by a 4-point Likert scale with 14 statements and a pilot test has been carried out before being distributed to the respondents (Leiwakabessy, 2009).

The population and sample for this study are picked from 11 public accounting firms located in Semarang. This is because Semarang is the capital city of Central Java and it is where most of the economic activities take place and where the Javanese Culture is more prominent. The sampling technique that this study would use is purposive sampling because the information obtained should be from individuals that are related to the phenomenon, hence auditors who works at the accounting firms in Semarang. The data is analysed using multiple linier regression as follow:

$$Y = a + b_1X_1 + b_2X_2 - b_2X_3 \dots\dots\dots \text{Model 1}$$

$$Y = a + b_1X_1 - b_2X_3 - b_3X_1 * X_3 \dots\dots\dots \text{Model 2}$$

$$Y = a + b_1X_2 - b_2X_3 - b_3X_2 * X_3 \dots\dots\dots \text{Model 3}$$

Notes:

α = Constant

Y_1 = The perception of external auditors on their responsibility in detecting fraud.

X_1 = Audit Procedures.

X_2 = Auditors' Experience.

X_3 = Javanese Culture

β = Regression Coefficient.

ϵ = Error

RESEARCH FINDINGS AND DISCUSSION

The numbers of respondents that are potential subjects related to this study were obtained from 8 public accounting firms among the 11 in Semarang. In the overall study, from 300 questionnaires sent to auditors, but only 39 were returned and finally only 35 usable (11%)

Table 1
Demography of Respondents

Culture Origin		
Culture	Frequency	Percentage
Javanese	30	85.7%
Others	5	14.3%
Total	35	100%

Educational Level		
Education	Frequency	Percentage
Diploma	6	17.1%
Bachelor	27	77.1%
Master's/PhD	2	5.7%
Certification	-	-
Total	35	100%

Position in Accounting Firm		
Position	Frequency	Percentage
Junior/staff	6	17.1%
Senior	27	77.1%
Manager	2	5.7%
Partner	-	-
Total	35	100%

Professional Certificate Ownership		
Certificate	Frequency	Percentage
CPA	2	5.7%
CIA	-	-
CMA	-	-
CFE	-	-
Others/Not Certified	33	94.3%
Total	35	100%

From the 35 respondents the majority are of Javanese origin with a percentage of 85.7%. The majority of the auditors' highest educations are Bachelor's Degree with the percentage of 77.1% followed by Diploma with the percentage of 17.1%. We can also see that the majority of the respondents do not own a professional accounting certificate having the percentage of 94.3%.

Based on the comparisons between the theoretical and actual results it can be seen that there is a relatively high sense of responsibility in detecting fraud among the auditors, the audit firms are implementing relatively good audit procedures, and that the auditors still have a relatively little experience. The result also shows that the auditors' perception of the Javanese Culture is particularly high. The results of multiple linear regression analysis can be seen on Table 3.

Table 2
Descriptive Statistics

Variable	Theoretical		Actual		
	Range	Mean	Range	Mean	SD
Responsibility detecting fraud	4 – 16	10.00	9 – 16	12.03	1.96
Audit Procedures	7 – 28	17.50	16 – 26	21.37	2.20
Auditors' Experience	10 – 40	25.00	14 – 28	24.60	5.20
Javanese Culture	14 – 56	35.00	35 – 50	43.49	5.19

The results for the effect of audit procedures on the auditors' responsibility in detecting fraud are T-Value = 4.122 with 0.000 significance ($p < 0.05$). Seeing that the significance value is smaller than 0.05 and that it has a positive coefficient, then it can be said that audit procedures significantly and positively affect the auditors' responsibility in detecting fraud. This finding corroborates with the attribution theory that a person behave a specific way because of a factor about the state of affairs that the individual is in. The findings of this study upholds the idea of attribution theory stating that auditors' awareness of their responsibility in detecting fraud is attributed to the audit procedures their accounting firm practice. This finding is linear to the findings of Alleyne & Howard (2005) where the auditors in Barbados have a strong consensus to these procedures as well.

Table 3
Multiple Regression Results

Variables	Model 1	Model 2	Model 3
Independent:			
Procedures	0.000*(4.122)	0.022*(2.413)	-
Experience	0.016*(2.537)	-	0.003*(3.177)
Javanese Culture	0.716(-0.367)	0.010*(-2.742)	0.001*(-3.317)
Moderating:			
Procedures*Javanese		0.011*(-2.713)	
Experience*Javanese			0.001*(-3.617)
Adjusted R square	0.421	0.435	0.384
F-value	9.342	9.727	8.076
Sign	0.000	0.000	0.000
N	35	35	35

The results for the relation of auditors' experience and the auditors' responsibility in detecting fraud are T-Value = 2.537 with significance value of 0.016. With the significance value smaller than 0.05 and a positive coefficient, then it can be said that the auditors' experience has a significant positive effect on their responsibility in detecting fraud. The finding upholds the assumption of the attribution theory that an individual behaves a particular way because of a certain factor about the person. The findings of this study maintain the idea of attribution theory that auditors' awareness of their responsibility in detecting fraud is attributed to their knowledge and experience with fraud. This is linear to prior studies which state that auditors' experience significantly influences their aptitude in fraud detection (Moyes & Hasan, 1996; Owusu-Ansah et al., 2002) and that their judgment on the presence of fraud in a financial statement is influenced by knowledge relating to fraud risk in an audit situation (Arens et. al, 1999).

The test result of the Javanese Culture moderating the influence of audit procedure on the auditors' responsibility in detecting fraud which is obtained from the variable test of Procedures and Javanese Culture, shows that the T-Value = -2.713 and a significance value of 0.011 ($p < 0.05$). Seeing that the significance value is smaller than 0.05, therefore Javanese Culture moderates (negatively) the effect of audit procedures on the auditors' responsibility in detecting fraud. This finding supports the assumption of the old institutional theory that normative pressures, sometimes arising from external social environment influence how an organization runs their tasks.

The test result of Javanese culture moderating the influence of auditors' experience on their responsibility in detecting fraud which is obtained from the variable test of Experience and Javanese Culture, shows that the T-Value = -3.617 with 0.001 significance. Seeing that the significance value is lower than 0.05, hence Javanese culture moderates (negatively) the effect of auditors' experience and knowledge on their responsibility in detecting fraud. This finding supports the old institutional theory assumption which states that beliefs or cultural systems provide a set of meanings that always mediate social actions which frequently have the effect of driving the attention away from task performance.

The auditors in Semarang have shown that they have a high perception and influence of the Javanese Culture. Therefore, despite the accounting firm have audit procedures that follow the standards of auditing, implementation and practice are still mediated by culture and the social environment as exposing fraud can cause conflict. This then prevents them from gaining more experience and knowledge in fraud detection which can lead to the decrease of awareness of their responsibility. This is in line with prior studies, that dynamics in personalized network of influence (the relationship individuals cultivate with other individuals), fear of retaliation and media coverage may discourage whistle-blowing (Hwang et. al., 2008). Hofstede (2001) also state that people that are brought up in collective culture have high commitment and allegiance, and that they are less likely to express or form judgments individually.

CONCLUSION

This study aims to investigate the relationship of audit procedures, auditors' experience and auditors' responsibility in detecting frauds and how Javanese culture may moderate such relationship. Based on the results, the study found that audit procedures significantly affected the auditors' responsibility in detecting fraud, indicating that the better the audit procedures that are applied, the better the auditors' responsibility in detecting fraud. In addition, the auditors' experience significantly influences their responsibility in detecting fraud, and indicates that the more experience that an auditor has, the better their responsibility in detecting fraud. In regard to Javanese Culture, this study found that Javanese culture moderated the influence of audit procedure and auditors' experience on the auditors' responsibility in detecting fraud. This finding implies that we need to consider local culture in studying the behavior of auditors, especially their role in detecting frauds.

Despite its contributions, this study suffered from weaknesses. The first one is that the questionnaires that were distributed directly to several accounting firms in Semarang were mostly filled by the junior accountants. The research scope to analyze the respondents' answers from senior auditors, and managers are a few in this study. The researcher also did not obtain much response from the firm partners; hence the results are less generalized. The second one is that the study has limitations inherent to the data obtained from the questionnaires, where there may be differences in perception between the researcher and the respondents because both could not clarify the questions. Although it has been attempted to be minimized, the limitations will remain on the research that uses primary data. Thus future research may consider auditors of larger public accounting firms. Finally, to deeply understand how culture influences auditors' behavior, further studies may involve in-depth interviews.

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