UNIVERSITI TEKNOLOGI MARA

FRAUD RISK JUDGMENT PERFORMANCE IN PUBLIC SECTOR PROCUREMENT: THE EFFECTS OF CONTINUOUS AUDIT TECHNOLOGY, TASK STRUCTURE AND AUDITOR EXPERTISE

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PhD

August 2020

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution of non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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Faculty	:	Accountancy
Thesis Title	:	Fraud Risk Judgment Performance in Public Sector Procurement: The Effects of Continuous Audit Technology, Task Structure and Auditor Expertise
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ABSTRACT

The high performance of government auditors' fraud risk judgment can prevent potential losses due to fraud and at the same time, identifies the activities that are vulnerable to fraud risk. Prior studies have focused mainly on examining fraud model, leaving examination on the process of fraud risk assessment mostly unexplored. The government auditors often use their judgment in performing fraud risk assessment, which influenced by three factors, namely, continuous audit technology, task structure and auditor expertise. The use of continuous audit technology could optimise performance through automation of the fraud risk assessment task. The objective of the study is to examine the direct, interaction and mediation effects of the continuous audit technology, task structure, auditor expertise, fraud risk indicator against the fraud risk judgment performance by government auditors' in public sector procurement. In the context of continuous audit technology, the task-technology fit theory often used in the information system literature provides a strong basis to explore in the auditing field. Thus, this study applying the task technology fit theory in fraud risk assessment. The task technology fit theory offers an in-depth understanding of the relationship between continuous audit technology, task structure, auditor expertise, fraud risk indicator and fraud risk judgment performance. This study covers two research design; the first research design is an experiment using a factorial design of 2 X 2 X 2, and the second research design is a questionnaire survey. One hundred fifty-one government auditors participated in this study. The data were analysed using the Analysis of Variance (ANOVA) and a partial least squares structural equation model (PLS-SEM). The result of the study showed mixed results. In the direct effects continuous audit technology, task structure and auditor expertise improve the fraud risk judgment performance. While in the two-way interactions, continuous audit technology interacts with task structure and task structure interacts with auditor expertise to improve the fraud risk judgment performance. However, the results show there are no significant three-way interactions of continuous audit technology, task structure, and auditor expertise affecting fraud risk judgment performance. Further, the result of the study shows the fraud risk indicator does not mediate the relationship between continuous audit technology, task structure and auditor expertise with fraud risk judgment performance. From the result, this study emphasises the auditor needs to train with the domain knowledge of fraud risk even though continuous audit technology adopts in the fraud risk assessment process. Further, the re-engineered of the less structure task should be done to ensure the automation of the less structured task amenable with the continuous audit technology. Since the Auditor General's Report is the most anticipated report by the public, the government auditors' low fraud risk judgment performance would reduce public confidence on the government auditors' competency and loss to the nations. The use of continuous audit technology able to help the government auditors'improve fraud risk judgment performance.

ACKNOWLEDGEMENT

Firstly, I thank ALLAH for allowing me to embark on my PhD and give me a strength to complete this long and challenging journey successfully.

I would like to convey my deepest appreciation to my supervisor Prof. Dr Zuraidah bte Mohd Sanusi and co-supervisor, Assoc. Prof. Dr Erlane K. Ghani for them endless advice, guidance, and encouragement through my PhD journey.

I also realised every successful man always have a woman behind them, thank you for my wife for the endless support to ensure me complete this PhD journey. I also owe the time with my family which is supposed for them, but instead, I use their time to complete this thesis. Therefore, I dedicated this thesis to my family. Izmar Khartika, Nur Zeti Batrisyia, Izz Firas Zakwan and Nur Damia Nadhirah this thesis is part of your sacrifice.

Not to forget, to my parent, Mohd Nassir bin Hj. Ahmad and Raja Norzam bte Raja Yahya. Also my late mother-in-law, Allahyarhamah Mariam@Yam bte Mohamad which always encourage me to finish this journey with a victory. They always give good advice for me to stay focused.

I also would like to express my special thanks to the Auditor's General for kindly granting permission to conduct my thesis using the National Audit Department as my context of the study. I also would like to express my gratitude to the staff of the National Audit Department for taking part in this study.

Last but not least, to those directly and indirectly involved throughout my study in UiTM. Thanks for all your kindness and support.

Alhamdulillah.

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