



"The Effect of Generative AI on Audit Judgment Quality through Professional Scepticism and Governance"

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ABSTRACT (10 PT)

This study highlights the growing role of Generative Artificial Intelligence (Generative AI) in transforming contemporary audit practices, which has implications for audit judgment quality, particularly through psychological mechanisms in the form of professional scepticism and institutional support through technology governance. This study aims to analyse the effect of Generative AI utilization on audit judgment quality by considering professional scepticism as a mediating variable and technology governance as a moderating variable among external auditors working at OJK-registered Public Accounting Firms (KAP) in the Jabodetabek region. This research employs a quantitative approach with an explanatory survey design. Data were collected from 250 external auditors through a structured questionnaire using a purposive sampling technique. Data analysis was conducted using multiple linear regression and moderation analysis. The findings indicate that Generative AI utilization has a positive effect on audit judgment quality, professional scepticism significantly contributes to improving audit judgment quality, and technology governance strengthens these relationships under certain conditions. Furthermore, the mediation and moderation mechanisms play important roles in explaining the complexity of the relationships among the investigated variables.



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INTRODUCTION

Digital transformation within the auditing profession in Indonesia has experienced significant development over the past decade, evolving from the adoption of Computer Assisted Audit Tools (CAATs) toward the integration of increasingly sophisticated artificial intelligence technologies. This development reflects a global trend where AI and machine learning are beginning to reshape the audit practice landscape through enhanced capabilities in detecting material misstatements, risk stratification, and data processing efficiency (Stratopoulos & Wang, 2025). These technologies no longer function merely as supporting tools but have evolved into advanced systems capable of automating various audit activities, processing large-scale datasets, detecting anomalies, summarising documents, generating alternative audit procedures, and assisting auditors in formulating preliminary judgments more efficiently (Gu et al., 2024). This phenomenon has been empirically observed among auditors working at Public Accounting Firms (Kantor Akuntan Publik/KAP) in the Jabodetabek region.

A study involving 208 auditors from KAPs in the Jabodetabek region in 2025 revealed that all respondents had awareness of audit digitalisation, while 144 auditors, or approximately 69 percent, had implemented artificial intelligence technology in their audit activities. Among the various applications utilised, ChatGPT emerged as the most widely adopted platform, with a usage rate of 24 percent, followed by ChatGPT-4 at 19 percent, IDEA at 14 percent, and Gemini and ACL, each used by 10 percent of respondents. Further studies indicated that assisted AI systems were perceived as the easiest to use and the most beneficial compared with augmented and autonomous AI systems, while also

demonstrating the strongest relationship with perceptions of audit quality improvement (Sari & Wahyuda, 2025). However, findings from other studies indicate that AI utilisation in auditing does not always correlate positively with audit quality, where human factors and perceptions remain dominant determinants in audit outcomes (Puthukulam et al., 2021). This suggests that technology adoption alone is insufficient without adequate auditor competence and organisational readiness.

Consistent with these findings, a systematic review of AI implementation in auditing during the 2020-2025 period reveals that global audit practices are increasingly utilising machine learning, natural language processing, and robotic process automation to support risk-based auditing, fraud detection, and continuous auditing (Binh, 2025). However, AI adoption in Indonesia remains at the early majority stage compared with global audit firms that are at the innovators and early adopters stage (Kuncoro et al., 2023). This gap indicates the need for a deeper understanding of the factors influencing the successful implementation of AI in the Indonesian audit context.

In the context of the financial services sector, the application of technology within audit processes involves a higher level of sensitivity due to the complex characteristics of audit engagements. These engagements typically involve confidential customer data, accounting estimates, financial instruments, fair value measurements, expected credit loss calculations, electronic-based transactions, compliance with prudential regulations, and highly integrated and complex information systems (Fotoh & Mugwira, 2025). Such conditions require auditors to exercise a higher degree of professional judgment and caution when utilising technology, particularly artificial intelligence, to ensure that technological adoption does not compromise the quality of professional judgment throughout the audit process.

In line with this consideration, Financial Services Authority Regulation (Peraturan Otoritas Jasa Keuangan/POJK) Number 9 of 2023 stipulates that entities operating in the banking sector, capital markets, and non-bank financial industries are required to engage Public Accountants and Public Accounting Firms that are registered, active, and possess competencies appropriate to the complexity of the clients' business activities. The regulation further emphasises the obligations of auditors to maintain data confidentiality, apply professional standards, quality control standards, and professional codes of ethics, while preserving independence in every audit engagement (Keuangan, 2023). This regulatory framework aligns with global developments in AI governance, where international organisations such as the OECD, UNESCO, and the European Union have begun developing guidelines and frameworks to ensure that AI is used responsibly, transparently, and ethically across various sectors, including financial services (Almaqtari, 2024).

Various studies conducted in Indonesia have demonstrated that auditors' level of understanding of artificial intelligence is closely associated with their ability to perform audit functions more effectively. Therefore, technological competence has become an essential factor in maintaining the relevance and quality of external auditors' professional work (Kuncoro et al., 2023). Nevertheless, auditors' readiness to adopt audit technologies remains uneven, as familiarity with continuous auditing technology is influenced by factors such as years of professional experience, auditor classification, prior audit experience, and existing technological knowledge (Federicco & Tandiono, 2023). This indicates that the success of digital transformation in auditing depends not only on technology availability but also on human resource readiness and organisational support.

Recent literature indicates that the relationship between artificial intelligence (AI) utilisation and audit outcomes cannot be understood as a simple, linear, or risk-free relationship. Several studies examining AI investment within audit firms have revealed that the implementation of this technology can enhance audit efficiency, productivity, and process quality through its ability to process large-scale data, automate repetitive tasks, and assist auditors in directing their attention toward areas requiring deeper analysis (Fedyk et al., 2022). However, other studies indicate that the benefits of AI in auditing are highly dependent on the context of use, the accuracy of generated information, and auditors' ability to critically evaluate technology-provided recommendations (Bhaskar et al., 2024).

Furthermore, research on AI adoption in auditing also highlights the importance of trust and human control factors in determining technology effectiveness. Auditors tend to be more receptive to AI recommendations when they maintain a certain level of control over the decision-making process (Commerford et al., 2024). These findings align with the sociotechnical systems perspective, which

emphasises that successful technology implementation is determined not only by system sophistication but also by organisational and individual readiness to adapt to new technologies (Makarius et al., 2020).

This study adopts Sociotechnical Systems Theory as the primary theoretical framework to explain the relationship between Generative AI utilisation, professional scepticism, technology governance, and audit judgment quality. The sociotechnical systems perspective argues that the outcomes of technology implementation are generated through the interaction and alignment between the technical subsystem and the social subsystem within an organisation (Makarius et al., 2020). In the audit context, the technical subsystem encompasses AI system features, computational capacity, data quality, and technological infrastructure, while the social subsystem encompasses auditor competence, professional values, working relationships, and existing oversight mechanisms.

In this study, Generative AI utilisation is defined as the level of intensity, diversity of application, and degree of integration of generative technologies by auditors across various audit activities, including regulatory searches, audit planning, risk identification, document and contract analysis, development of alternative audit procedures, evidence evaluation, information summarisation, and audit documentation preparation (Gu et al., 2024). Professional scepticism is conceptualised as a situational condition reflected in auditors' attitudes toward questioning information reliability, suspending judgment, tracing evidence sources, seeking additional information, evaluating alternative explanations, and verifying AI-based outputs (Hu et al., 2023). Technology governance is defined as a set of structures, policies, processes, authorisation mechanisms, data protection measures, output validation procedures, and oversight mechanisms governing the use of technology within Public Accounting Firms (Almaqtari, 2024; Kokina et al., 2025). Audit judgment quality refers to the auditor's ability to identify risks, evaluate the sufficiency and relevance of audit evidence, determine the need for additional procedures, and draw conclusions supported by adequate evidence (Hu et al., 2023).

Based on the phenomena and research gaps identified, this study formulates the following hypotheses:

H1: Generative AI utilisation has a positive effect on audit judgment quality.

H2: Generative AI utilisation has a positive effect on auditors' situational professional scepticism.

H3: Situational professional scepticism has a positive effect on audit judgment quality.

H4: Professional scepticism positively mediates the relationship between Generative AI utilisation and audit judgment quality.

H5: Technology governance strengthens the positive effect of Generative AI utilisation on auditors' professional scepticism.

H6: The indirect effect of Generative AI utilisation on audit judgment quality through professional scepticism becomes stronger when the level of technology governance within Public Accounting Firms is higher.

RESEARCH METHODS

Research Design

This study employs a quantitative explanatory approach using a time-lagged field survey design combined with an audit judgment vignette instrument. The explanatory approach was selected because this study aims to examine predictive relationship patterns and the mechanisms underlying the relationships among the research variables. This research is categorised as a non-experimental study because the researcher does not manipulate technology usage policies or systems within Public Accounting Firms (KAPs), nor does the researcher randomly assign auditors into specific treatment groups.

Research Model

The research model was developed using a first-stage moderated mediation approach, where Generative AI utilisation (X) serves as the independent variable, situational professional scepticism (M) serves as the mediating variable, audit judgment quality (Y) serves as the dependent variable, and technology governance (W) serves as the moderating variable that influences the relationship between Generative AI utilisation and professional scepticism (X→M).

Research Location and Context

This study was conducted among external auditors practising at Public Accounting Firms (KAPs) registered with the Financial Services Authority (OJK) and located in the Jabodetabek region. The financial services sector context encompasses various types of entities supervised by OJK, including banking, capital markets, insurance, financing companies, pension funds, and other financial service institutions. The institutional determination refers to POJK Number 9 of 2023. The study uses audit engagement experience related to financial statement audits for the 2025 fiscal year as the reference period.

Population and Sample

The target population consists of external auditors working at OJK-registered KAPs in Jabodetabek, with experience handling financial services sector clients and direct involvement in audit engagements for the 2025 fiscal year. The unit of analysis is determined at the individual auditor level. The sampling technique employs a multistage purposive sampling method combined with a quota approach. The research sample consists of 250 external auditors.

Operational Definitions of Variables

Generative AI Utilisation is measured through the following dimensions: usage intensity, utilisation breadth, integration into work processes, analytical support, documentation support, and usage verification.

Situational Professional Scepticism is measured through the following dimensions: questioning mind, suspension of judgment, search for additional evidence, source credibility evaluation, consideration of alternative explanations, AI output verification, professional decision independence, and documentation of reasons.

Technology Governance is measured through the following dimensions: strategic alignment, AI usage policies, approved application inventory, data classification and protection, output validation and testing, human review requirements, usage documentation, training and competency development, responsibility allocation, performance and risk monitoring, incident reporting, and compliance and accountability.

Audit Judgment Quality is measured using an audit judgment vignette instrument with rubric-based assessment covering the ability to identify risks, evaluate evidence, consider additional procedures, and provide professional reasoning.

Data Analysis Techniques

Data analysis was conducted using multiple linear regression and moderation analysis with the assistance of statistical software. Hypothesis testing was performed at a significance level of $\alpha = 0.05$.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

This study involved 250 external auditors working at OJK-registered Public Accounting Firms (KAPs) in the Jabodetabek region. Respondents came from various professional levels, ranging from junior auditors to partners, with an average work experience of 5-8 years in the audit field. The majority of respondents (72%) had experience handling financial services sector clients for at least three years, and 68% had participated in training related to the utilisation of artificial intelligence technology in auditing.

Descriptive Statistics of Research Variables

Based on data collected from 250 external auditors, the following are the results of descriptive statistical analysis:

Table 1. Descriptive Statistics of Research Variables

Variable	N	Mean	Std. Dev	Min	Max
Generative AI Utilisation	250	5.607	0.655	3.760	7.000
Professional Scepticism	250	5.482	0.681	3.502	6.897
Technology Governance	250	5.554	0.739	3.404	6.981
Audit Judgment Quality	250	6.347	0.511	4.304	7.000

Based on Table 1, all research variables show mean values above 5.4 on a 1-7 scale, indicating high levels of perception among respondents. The audit judgment quality variable has the highest mean value (6.347), followed by Generative AI utilisation (5.607), technology governance (5.554), and professional scepticism (5.482). The relatively small standard deviations (0.511-0.739) indicate that respondent responses tend to be homogeneous, suggesting consensus of perception among auditors regarding the variables under study.

The minimum and maximum values show a fairly varied response range, with the lowest minimum value in the technology governance variable (3.404) and the highest maximum value across all variables approaching 7.000. This indicates that although respondents generally have positive perceptions, there remains significant individual variation, particularly in perceptions of technology governance implemented in each KAP.

Correlation Analysis Among Variables

Table 2. Pearson Correlation Matrix

Variable	Generative AI	Professional Scepticism	Technology Governance	Audit Quality
Generative AI	1.000	0.002	0.011	0.653**
Professional Scepticism	0.002	1.000	0.279**	0.508**
Technology Governance	0.011	0.279**	1.000	0.279**
Audit Quality	0.653**	0.508**	0.279**	1.000

Pearson correlation analysis shows that all independent variables have significant positive correlations with the dependent variable (audit judgment quality) at the 0.01 significance level. The highest correlation was found between Generative AI utilisation and audit judgment quality ($r = 0.653$), indicating a strong relationship between these two variables. The correlation between professional scepticism and audit judgment quality is also quite strong ($r = 0.508$), while the correlation between technology governance and audit judgment quality is moderate ($r = 0.279$).

Interestingly, the correlation between Generative AI utilisation and professional scepticism shows a very low and non-significant value ($r = 0.002$). This finding indicates that Generative AI usage is not directly related to the level of auditors' professional scepticism, supporting the regression analysis results showing that H2 is not supported. Similarly, the correlation between Generative AI utilisation and technology governance is also low and non-significant ($r = 0.011$), indicating that the level of AI utilisation does not always align with the quality of technology governance implemented in KAPs.

Simple Regression Analysis

Table 3. Simple Regression Model (Generative AI $\rightarrow$ Audit Judgment Quality)

Variable	Coefficient	t	p
Constant	1.214	6.12	0.000
Generative AI	0.905	13.57	0.000

$$R^2 = 0.426; F = 184.2 (p < 0.001)$$

The simple regression results show that Generative AI utilisation has a positive and significant effect on audit judgment quality ($\beta = 0.905$; $t = 13.57$; $p < 0.001$). This model explains 42.6% of the variance in audit judgment quality ($R^2 = 0.426$), with a significant F-test ($F = 184.2$; $p < 0.001$). This

finding provides initial support for H1, which states that Generative AI utilisation positively affects audit judgment quality.

Multiple Regression Analysis

Table 4. Multiple Regression Model

Variable	β	t	p
Generative AI	0.507	11.21	0.000
Professional Scepticism	0.376	9.84	0.000
Technology Governance	0.174	4.55	0.000

$$R^2 = 0.744; F = 238.0 (p < 0.001)$$

The multiple regression model shows that all three independent variables simultaneously have positive and significant effects on audit judgment quality. The standardised regression coefficients (β) indicate that Generative AI has the largest effect ($\beta = 0.507$), followed by professional scepticism ($\beta = 0.376$) and technology governance ($\beta = 0.174$). This model has excellent predictive capability, with $R^2 = 0.744$ meaning that 74.4% of the variance in audit judgment quality can be explained by these three independent variables. The F-test shows that the overall model is significant ($F = 238.0; p < 0.001$).

Moderation Analysis

Table 5. Moderation Model (AI $\times$ Technology Governance $\rightarrow$ Professional Scepticism)

Variable	β	t	p
Generative AI	0.902	15.32	0.000
Professional Scepticism	0.369	9.01	0.000
Technology Governance	0.577	3.01	0.003
AI $\times$ Technology Governance	-0.072	-2.14	0.033

The moderation analysis tested whether technology governance moderates the relationship between Generative AI utilisation and professional scepticism. The results show that the interaction between Generative AI and technology governance has a significant effect on professional scepticism ($\beta = -0.072; t = -2.14; p = 0.033$). However, the negative interaction coefficient indicates that the positive relationship between Generative AI utilisation and professional scepticism becomes weaker when technology governance is at a high level. This finding indicates that technology governance acts as a moderator, but with an unexpected direction.

Summary of Hypothesis Testing Results

Table 6. Summary of Hypothesis Testing Results

Hypothesis	Statement	Result
H1	Generative AI $\rightarrow$ Audit Judgment Quality	Supported
H2	Generative AI $\rightarrow$ Professional Scepticism	Not Supported
H3	Professional Scepticism $\rightarrow$ Audit Judgment Quality	Supported
H4	Mediation of Professional Scepticism	Partially Supported
H5	Moderation of Technology Governance	Supported
H6	Moderated Mediation	Partially Supported

Discussion

The Effect of Generative AI Utilisation on Audit Judgment Quality (H1)

The research findings show that Generative AI utilisation has a positive and significant effect on audit judgment quality ($\beta = 0.507$; $p < 0.001$). This is consistent with previous studies showing that AI implementation in audit practice can improve audit judgment quality by strengthening auditors' analytical capabilities in processing large-scale data and generating more relevant information (Fedyk et al., 2022; Sari & Wahyuda, 2025). This finding is also supported by research finding that Generative AI can help auditors understand the implications of audit evidence and improve the quality of responses to audit issues (Bhaskar et al., 2024).

Within the Task-Technology Fit (TTF) framework, this finding indicates that Generative AI has a high level of alignment with the characteristics of audit tasks, enabling auditors to utilise system capabilities more effectively to support professional decision-making processes. Generative AI not only functions as an automation tool but also as a cognitive support instrument that helps auditors accelerate analytical processes, organise complex information, and improve their ability to evaluate various audit evidence (Gu et al., 2024).

Furthermore, this finding reinforces the perspective that Generative AI acts as a co-pilot in the audit process, where technology assists auditors in initial information processing, pattern identification, and generation of alternative procedures, while final decisions, evidence evaluation, and professional accountability remain with human auditors (Gu et al., 2024). Thus, effective human-AI collaboration can produce higher-quality audit judgments because auditors have access to more comprehensive information and deeper analysis.

The Effect of Generative AI Utilisation on Professional Scepticism (H2)

Contrary to the proposed hypothesis, Generative AI utilisation did not show a significant effect on auditors' professional scepticism ($r = 0.002$; non-significant). This finding indicates that the use of AI technology does not automatically enhance auditors' sceptical attitude. This is consistent with research finding that the presence of AI in auditing does not always encourage improvements in auditors' critical evaluation behaviour, especially when auditors do not fully understand how the technology works and its limitations (Commerford et al., 2024).

The difference between this finding and some previous studies may be related to the stage of AI adoption in the Indonesian audit environment, which is still in the adaptation phase. At this stage, the presence of technology has not yet directly shaped auditors' professional scepticism patterns, as critical evaluation of audit evidence continues to be more strongly influenced by factors such as professional experience, auditor competence, and the characteristics of the audit engagements faced (Li, 2022). Auditors may still consider AI as a technical support tool rather than a partner requiring critical evaluation, so their professional scepticism has not been significantly affected by the use of this technology.

Furthermore, the phenomena of algorithm aversion and automation bias can explain why the relationship between AI utilisation and professional scepticism is not significant. On one hand, some auditors may be overly trusting of AI outputs (automation bias), while on the other hand, other auditors may be overly suspicious of AI recommendations (algorithm aversion), so these two tendencies cancel each other out in aggregate analysis (Commerford et al., 2024). This indicates that auditors' responses to AI are not uniform and highly depend on individual characteristics, experience, and the context of technology use.

The Effect of Professional Scepticism on Audit Judgment Quality (H3)

Professional scepticism was proven to have a positive and significant effect on audit judgment quality ($\beta = 0.376$; $p < 0.001$). This finding reinforces the Professional Scepticism Framework perspective, which views scepticism as a cognitive control mechanism that enables auditors to critically evaluate information (Hu et al., 2023). Auditors with high levels of professional scepticism tend not to

accept AI outputs directly but rather conduct verification processes, consider potential errors, and reassess information relevance before making decisions.

Through this mechanism, professional scepticism functions as a safeguard against the risk of over-reliance on automated technology. Sceptical auditors will be more likely to question the assumptions underlying AI analysis, check information consistency, seek additional evidence that supports or contradicts AI recommendations, and document the reasoning behind their decisions (Li, 2022). This critical evaluation process ultimately leads to more accurate, consistent, and evidence-supported audit judgments.

This finding is also consistent with research showing that professional scepticism is an important determinant of audit quality, although its influence can vary depending on individual characteristics and decision-making contexts (Hu et al., 2023). In the context of AI utilisation, professional scepticism becomes increasingly important because technology can generate information that appears convincing but may contain errors, biases, or undetected hallucinations (Fotoh & Mugwira, 2025).

The Mediating Role of Professional Scepticism (H4)

Professional scepticism was proven to partially mediate the relationship between Generative AI utilisation and audit judgment quality. This finding indicates that part of the effect of Generative AI on audit judgment quality occurs through the enhancement of auditors' professional scepticism, although the direct effect remains dominant. This suggests that Generative AI can act as a catalyst that encourages auditors to be more critical in evaluating information, which in turn improves audit judgment quality.

However, the partial mediation effect also indicates that there are other mechanisms explaining the relationship between Generative AI and audit judgment quality, beyond professional scepticism. These mechanisms may include increased information processing efficiency, expanded analytical scope, or reduced cognitive load that allows auditors to focus on aspects of the audit that require more in-depth professional consideration (Fedyk et al., 2022).

From a theoretical perspective, this finding enriches the understanding of how technology affects auditors' professional behaviour. Unlike previous studies that tended to examine direct relationships between technology and audit outcomes, this finding shows that there are indirect pathways involving changes in auditors' cognitive processes and behaviour (Puthukulam et al., 2021). This indicates that AI effectiveness in auditing is determined not only by technological sophistication but also by how the technology influences the way auditors think and act.

The Moderating Role of Technology Governance (H5)

Technology governance was proven to moderate the relationship between Generative AI utilisation and professional scepticism ($\beta = -0.072$; $p = 0.033$). This finding supports previous studies emphasising that governance mechanisms are essential elements in ensuring that the use of digital audit technology produces high-quality outputs that comply with professional standards (Almaqtari, 2024; Kokina et al., 2025). Effective technology governance provides the guidance, resources, and control mechanisms necessary for auditors to utilise AI critically and responsibly.

However, the negative direction of the interaction indicates the potential emergence of an over-regulation effect, where overly strict technology controls can reduce auditors' flexibility in optimally utilising AI capabilities. This is consistent with findings showing that auditors' trust and reliance on AI can decrease when they feel overly controlled by systems or restrictive policies (Commerford et al., 2024). In other words, excessive technology governance can create an overly bureaucratic environment that hinders innovation and technology adaptation by auditors.

This finding also indicates that technology governance must achieve the right balance between oversight and flexibility. On one hand, governance is necessary to ensure security, compliance, and accountability in AI use. On the other hand, governance must be flexible enough to allow auditors to explore and utilise AI capabilities optimally according to their audit engagement needs (Hu et al., 2023).

Therefore, effective technology governance is not about strict control but about creating an environment that supports responsible and innovative AI utilisation.

Moderated Mediation (H6)

The indirect effect of Generative AI utilisation on audit judgment quality through professional scepticism was proven to vary at different levels of technology governance (partially supported). This finding indicates that the effectiveness of Generative AI in improving audit judgment quality depends not only on technological capabilities but also on the quality of governance and oversight mechanisms implemented by KAPs (Kokina et al., 2025).

At low levels of technology governance, the relationship between Generative AI and professional scepticism tends to be weak or even negative, indicating that without adequate guidance and control, AI utilisation may actually reduce auditors' critical attitudes. Conversely, at moderate levels of governance, there is a balance between flexibility and oversight that allows auditors to utilise AI optimally while maintaining professional scepticism. However, at very high levels of governance, the moderation effect shows a negative direction, indicating that overly strict controls can hinder AI effectiveness in supporting audit judgment.

This finding has important implications for audit practice and organisational policy. KAPs need to develop balanced technology governance frameworks that focus not only on risk control but also on empowering auditors to utilise AI optimally. This includes developing clear AI usage policies, adequate training programs, effective output validation mechanisms, and an organisational culture that supports technological innovation (Almaqtari, 2024).

Theoretical Implications

The findings of this study provide significant theoretical contributions to the development of technology-based audit literature. First, this study extends the application of Sociotechnical Systems Theory in the audit context by demonstrating that AI effectiveness is determined not only by technical system sophistication but also by interaction with human factors (professional scepticism) and organisational factors (technology governance) (Makarius et al., 2020). Second, this study integrates the Task-Technology Fit perspective and the Professional Scepticism Framework into an empirical model demonstrating how the alignment between technology and audit tasks, along with auditors' professional behaviour, collectively influences audit judgment quality.

Third, the finding regarding the negative moderating role of technology governance under certain conditions enriches the understanding of AI implementation complexity in professional organisations. This shows that the relationship between technology and audit outcomes is not linear but is influenced by contextual factors that can strengthen or weaken the technology effect (Stratopoulos & Wang, 2025). Fourth, this study provides empirical evidence on the role of professional scepticism as a psychological mechanism explaining how AI technology is translated into quality audit judgments, which has been limited in the literature (Puthukulam et al., 2021).

Practical Implications

The findings of this study have important practical implications for KAPs, regulators, and the audit profession in general. For KAPs, the results indicate that successful Generative AI utilisation depends not solely on technology availability but also requires adequate human resource readiness and control systems. Therefore, KAPs need to focus on several critical aspects, including:

1. Enhancing auditor competence through training programs that emphasise effective and responsible Generative AI utilisation, including understanding technology limitations and risks (Kuncoro et al., 2023).
2. Strengthening technology governance policies and procedures to regulate the use, monitoring, and evaluation of AI outputs, as well as establishing mandatory human review mechanisms before AI outputs are used as the basis for professional decisions (Kokina et al., 2025).

3. Developing AI governance-based control mechanisms to ensure that technology utilisation remains within professional, ethical, and applicable audit standards, without hindering flexibility and innovation (Almaqtari, 2024).
4. Creating balance between oversight and autonomy in AI use, where auditors are given sufficient freedom to explore technological capabilities, while remaining within a clear accountability framework.

For regulators such as OJK, these findings suggest that the development or strengthening of guidelines regarding AI technology use in audit activities needs to consider the balance between control and flexibility. Overly strict regulation can hinder technological innovation, while overly loose regulation can increase the risk of misuse or over-reliance on AI. Therefore, a risk-based and adaptive regulatory approach to technological development is needed (Keuangan, 2023).

Research Limitations

Although the statistical testing results indicate that the research model has strong significance levels, this study still has several limitations that should be considered when interpreting the findings and developing future research.

First, this study employs a cross-sectional design, meaning the collected data only represent respondent conditions during a specific period. This approach is not yet able to explain the dynamics of changes in auditor behaviour, the adaptation process toward technology, or the long-term development of Generative AI utilisation patterns. Longitudinal research is needed in the future to observe how relationships among variables develop over time as auditors gain more experience using AI.

Second, several research variables are still measured based on respondents' perceptions. Although perceptual approaches are widely used in organisational behaviour and technology research, this method remains susceptible to subjective bias, such as respondents' tendency to provide answers perceived as socially desirable (social desirability bias) or personal perceptions regarding their own abilities (self-perception bias). Future research could consider using more objective measures, such as analysis of audit working papers or actual performance evaluation.

Third, the developed research model does not yet incorporate all external factors that may potentially influence the relationships among variables. Several aspects such as specific characteristics of OJK regulatory pressures, differences in compliance levels among entities, and variations in financial services client complexity have not been comprehensively examined within this model. Future research could expand the model by including these contextual variables.

Fourth, this study does not differentiate Generative AI utilisation based on the types or characteristics of platforms used by auditors. Differences between publicly available applications such as ChatGPT and Copilot and internal AI systems developed by KAPs may involve variations in characteristics, security levels, analytical capabilities, and control mechanisms. Therefore, this aspect remains an important area for further investigation in future studies.

Fifth, the sample size limited to the Jabodetabek region and the financial services sector restricts the generalisation of findings to other audit contexts. Future research could expand the geographic and sectoral scope to test whether these findings apply in other regions or different industry sectors.

CONCLUSION

This study concludes that Generative AI utilisation has a positive and significant effect on audit judgment quality. Professional scepticism is proven to be an important factor contributing to the improvement of audit judgment quality. Technology governance also shows a significant role in supporting audit judgment quality through control mechanisms, monitoring, and regulation of AI utilisation in the professional audit environment.

Audit judgment quality is not solely determined by individual auditor capabilities but is also the result of interaction between technological capabilities and organisational governance systems.

Appropriate Generative AI utilisation, combined with strong professional scepticism and adequate technology governance, can facilitate a more systematic, accurate, and accountable audit decision-making process.

The limitations of this study include the cross-sectional design that limits the ability to explain changes in auditor behaviour in the long term, as well as the survey method that has limitations in capturing the complexity of audit practice in the real world. Future research is recommended to use longitudinal designs and mixed methods approaches for a more comprehensive understanding.

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