

The Effect of Diamond Fraud on Financial Statement Fraud With Beneish M-Score on Manufacturing Companies

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ABSTRACT

This study aims to analyze the effect of diamond fraud proxied with pressure, opportunities, rationalization and capability on the influence of fraud that occurs in the company's financial statements with moderation of the audit committee. The research method was carried out using quantitative research with 240 samples taken in manufacturing in the period 2017-2019. The type of data used is secondary data. The data analysis used is the Beneish Ratio Index, which is then included in a model, the Beneish M-Score Model uses four methods calculated in the Receivables Index (DSRI), Gross Margin Index (GMI), Asset Quality Index (AQI), Sales Growth Index (SGI). The results of this study show that based on the Beneish M-Score, that financial targets affect financial statement fraud, ineffective monitoring does not affect financial statements, change in auditor does not affect financial statement fraud, change in director does not affect financial statement fraud, audit committee is able to strengthen the influence of financial targets on financial statement fraud, audit committee is unable to strengthen influence Ineffective monitoring of financial statement fraud, the Audit Committee is able to strengthen the effect of Change in Auditor on Financial Statement Fraud and the Audit Committee is unable to strengthen the influence of Change in Director on Financial Statement Fraud.

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1. INTRODUCTION

The problem that concerns the company the most is the problem of fraud or fraud. Fraud is a deliberate act involving fraudsters who produce material misstated or mistested on financial statements Jhonstone et al, (2014) According to ACFE, financial statement fraud is one part of three types of fraud that exist, one of which is fraudulent statements which are divided into two types, namely financial fraud and nonfinancial

fraud. Based on the results of a survey conducted by ACFE Indonesia, corruption is the most frequent fraud case with a percentage of 64.4%, asset abuse cases are the second largest with a percentage of 28.9%, but financial statement fraud only gets a percentage of 6.7% even though financial statement fraud gets a fairly low percentage, but it also needs serious attention, in order not to cause higher losses, Fraud Survey Indonesia Association of Certified Fraud Examiners (2019)

The results of the Indonesian fraud survey also show that the most detrimental type of fraud in Indonesia is corruption by 69.9%, then misuse of state and company assets by 20.9%, and as many as 9.2% stated that financial statement fraud caused losses, based on the ACFE Indonesia survey in 2019 stated that financial statements are one of the main media for finding fraud. Indonesia Association of Certified Fraud Examiners Fraud Survey (2019)

The results of research conducted by [1] concluded that financial stability proxied with the ratio of changes in total assets has a positive effect and the effectiveness of supervision proxied with the ratio of changes in total assets has a positive effect and the effectiveness of supervision proxied with the independent board of commissioners negatively affects financial statement fraud, while for the replacement of auditors, and ability does not have a positive effect on fraud financial statements. Stated that financial stability variables proxied with total asset change ratios, external pressure variables proxied with leverage ratios, nature of industry variables proxied with receivables change ratios and rationalization variables proxied with total accrual change ratios proved to affect financial statement fraud. Research conducted by [2] concluded that financial stability, external pressure, nature of industry, and rationalization affect financial statement fraud.

In this study, the Audit Committee will be added as a moderation variable which is expected to strengthen the relationship between the influence of diamond fraud on financial statement fraud. Research conducted by [3] concluded that the audit committee as a moderation variable strengthens the relationship between financial targets and ineffective supervision of financial statement fraud, while the results of the analysis for auditor changes and changes of directors in relation to the detection of financial statement fraud are not strengthened by the audit committee. This study examines diamond fraud as an independent variable as well as a dependent variable of financial

statement fraud proxied with Beneish M-Score. Then to strengthen the influence relationship between diamond fraud and financial statement fraud, the author added the audit committee as a moderation variable.

2. LITERATURE REVIEW

2.1 Agency Theory

Agency theory is mostly a big theory that is used as a perspective in conducting research in accounting. Agency theory is a theory of agency relationships between principals and agents that can cause conflict due to information asymmetry, [4]. The agency relationship is based on a principal who owns shares in the company and appoints an agent as the party who runs the company and is responsible for the financial statements he makes. A financial statement that presents figures related to the financial condition of a company or other institution is expected to minimize conflicts between various interested parties [5]. The relationship between the agent and the principal can work well if the agent can be responsible for presenting financial statements that conform to generally accepted standards, and actual events during the current period so that the principal can assess, and measure the extent to which the agent is working to improve his welfare, as well as the basis for compensation given to the agent. Agency theory is a derivative of game theory that studies contracts that can motivate agents to rationally act according to the wishes of the principal or shareholder, [6]. A principal or shareholder wants his company to have a long life and always get a profit every year, while an agent wants a large compensation or bonus for the results of his work.

2.2 Fraud

Fraud is an action carried out by a person or group intentionally that has an impact on financial statements and can result in losses to other entities or parties. Fraud is defined as a representation of material facts that are false and intentional or careless so that the victim believes and acts upon them and damages the victim [7]. According to [7],

fraud is a crime solely for self-interest that contains elements of material representation that are deliberately made wrong that are believed by the victim to the detriment of the victim. Fraud can be interpreted as illegal acts. According to [8], fraud is a deliberate fraud that causes losses to other parties and provides benefits for fraudsters and / or their groups.

2.3 Fraud Diamond

Diamond fraud is a form of refinement of the fraud triangle theory. Diamond fraud adds one qualitative element that is believed to have a significant influence on fraud, namely capability. [9], argue that there is a renewal of the fraud triangle to improve the ability to detect and prevent fraud, namely by adding a fourth element, namely capability. Opportunity opens opportunities or entrances for fraud, rationalization and pressure that encourage someone to commit fraud. But according to [9], people who commit fraud must have the capability to realize the open door as a golden opportunity and to take advantage of it not just once but many times. In this study, moderation variables will be added, namely variables that strengthen or weaken the relationship between one variable and another. The audit committee is used as a moderation variable in this study to determine the effect of diamond fraud in detecting financial statement fraud.

2.4 Frame of Mind

This research aims to detect the possibility of financial statement fraud that indicates fraud that will later cause losses to the company, to prevent fraud in financial statements, the Beneish M Score method is used which is then analyzed with diamond fraud.

2.5 Hypothesis Development

2.5.1 The Effect of Pressure on Financial Statement Fraud

In carrying out its performance, company managers are required to perform their best performance so that they can achieve the planned financial targets. Return on Assets is a measure of operational performance that is widely used to show how

efficiently assets have worked. ROA is often used in assessing managers' performance and in determining bonuses, wage increases, etc. Therefore, ROA is used as a proxy for financial targets variables. Based on research conducted by [10], variable pressure affects financial statement fraud. Another study conducted by [11] states that financial targets affect the occurrence of financial statement fraud. Based on the description above, a hypothesis can be proposed:

H1: Pressure affects financial statement fraud.

2.5.2 The Effect of Opportunity on Financial Statement Fraud

Skousen et al [12] which examined the relationship between the composition of the board of commissioners and financial statement fraud. The results prove that fraud is more common in companies that have fewer external board of commissioners. The results of research conducted by [13] show that partial ineffectiveness does not affect financial statement fraud. Which means that the higher the effectiveness of company supervision, the potential for management to commit fraudulent financial statement practices. Based on the description above, the hypothesis can be concluded:

H2: Opportunity affects financial statement fraud

2.5.3 The Effect of Rationalization on Financial Statement Fraud

According to [14] in [15], proxy auditor turnover is one way to reduce the possibility of detecting financial statement fraud by auditors. In SAS No. 99, it is also stated that the effect of changing auditors in the company can be an indication of fraud. Auditors in the previous period may be more able to detect all possible fraud committed by management, then the possibility of fraud will increase. The results of research conducted by [15] provide another statement, that the company changes auditors not because it wants to reduce the detection of financial statements by old auditors, but because the company complies with the Government Regulation of the Republic of Indonesia No. 20 of 2015 article 11 paragraph 1 which states that the provision of audit services on financial statements to an entity by a Public

Accountant is limited to a maximum of 5 (five) years books in a row. Based on the description above, the hypothesis can be concluded:

H3: Rationalization affects financial statement fraud

2.5.4 The Effect of Capability on Financial Statement Fraud

Sihombing and Samuel [2], argue that fraud will not happen without the right people with the right ability to carry out every detail of fraud. Capability means someone's efforts to commit fraud in order to achieve certain goals. The nature related to the elements of capability in the actions of fraudsters are capabilities such as: position / function, brains, confidence / ego, coercion skills, effective lying and immunity to stress. Based on the nature stated, the position of CEO, directors and other division heads can be a determining factor in the occurrence of fraud, by utilizing his position that can influence others to facilitate his fraudulent actions. [15] use the change of directors as a proxy for capability to determine indications of financial statement fraud. Based on the description above, the hypothesis can be concluded:

H4: Capability affects financial statement fraud.

2.5.5 The effect of the audit committee moderating pressure on financial statement fraud

Financial targets set by the company are considered capable of increasing the possibility of companies committing financial statement fraud. Therefore, a monitoring mechanism is needed that can ensure the financial reporting process takes place properly. One of the monitoring of the financial reporting process is carried out by the company's audit committee. The existence of an audit committee in the company can provide more supervision of management performance and provide accurate and precise information on company reporting. Thus, the relationship between financial targets to detect financial statement fraud will be stronger with the existence of an audit committee in the company. Based on research conducted the audit committee strengthens the relationship between financial targets and

the detection of financial statement fraud. Based on the description above, the hypothesis can be concluded:

H5: Audit Committee strengthens the influence of Pressure on the detection of financial statement fraud

2.5.6 The effect of the audit committee moderating opportunities on financial statement fraud

Weak control in a company makes the company more vulnerable to financial reporting fraud. Therefore, a monitoring mechanism is needed that can help ensure the financial reporting process. One of the monitoring in the financial reporting process can be carried out by the audit committee. The establishment of an audit committee and board of commissioners in a public listed company is one reflection of GCG implementation that can help oversee the company's operations, especially in the context of preparing financial statements. The audit committee has the duty and responsibility to review and provide advice to the board of commissioners related to potential conflicts of interest of public companies. With the existence of an audit committee in a company, it is expected to be more helpful in detecting financial statement fraud. In accordance with the results of research conducted by [16], stated that the audit committee strengthens the relationship between ineffective monitoring and detection of financial statement fraud. Based on the description above, the hypothesis can be concluded:

H6: Audit Committee strengthens the effect of ineffective monitoring on the detection of financial statement fraud

2.5.7 The influence of the audit committee moderating rationalization on financial statement fraud

The vulnerability of financial statement fraud that occurs due to auditor changes in a company. Thus, a monitoring mechanism is needed that can ensure the financial reporting process runs well. One of the monitoring of the financial reporting process is carried out by the company's audit committee. The existence of an audit

committee in a company is expected to further help create good company conditions and can avoid financial statement fraud. Thus, the relationship between changing auditors to detect financial statement fraud will be stronger with the existence of an audit committee involved in monitoring and supervision at the company. Based on the description above, the hypothesis can be concluded:

H7: Audit Committee strengthens the effect of rationalization on the detection of financial statement fraud

2.5.8 The effect of the audit committee moderating capability on financial statement fraud

Financial report fraud is increasingly vulnerable due to changes in directors in a company. Therefore, a monitoring mechanism is needed that can ensure the company's financial reporting process can take place properly. One of the monitoring of the financial reporting process is carried out by the company's audit committee. The audit committee has a role to assist the board of directors in terms of company supervision, as well as assist the board of directors in terms of GCG compliance. The audit committee has the duty and responsibility to review the risk management implementation activities carried out by the Board of Directors, and the audit committee also supervises the implementation of follow-up actions carried out by the Board of Directors on the findings of internal auditors. With the fulfillment of the duties and responsibilities of the audit committee in a company, it is hoped that it will increasingly assist in the detection of financial statement fraud in the company. Thus, the relationship between changing directors to detect financial statement fraud will be stronger with the existence of an audit committee that looks to assist the Board of Directors. Based on the description above, the hypothesis can be concluded:

H8: The Audit Committee strengthens the influence of capability on the detection of financial statement fraud.

3. METHODS

This study uses a hypothesis testing method to analyze the effect of diamond fraud on the detection of financial statement fraud, the unit of analysis used is a manufacturing company listed on the Indonesia stock exchange. The time dimension used in this study is the company's financial statements from 2017 to 2019. The research method used in this study is a quantitative method, which uses analysis on numeric data (numbers) processed using statistical test tools.

3.1 Variable Operationalization

3.1.1 Variable dependent Variable Y

The dependent variable in this study is financial statement fraud which is measured using the Beneish M-Score model to classify companies that are manipulators and non-manipulators. The variables are measured using data from the specified year (t) and using data from the previous year (t-1). And the calculation of the Beneish M-Score has been obtained which has remained (robust), with an indication if more than -2.22 is classified as a manipulator company, if less than -2.22 is classified as a non-manipulator company. Here are the ratios used in the Beneish M Score model: DSRI (Sales in Receivables Index), GMI (Gross Margin Index), AQI (Asset Quality Index), SGI (Sales Growth Index), DEPI (Depreciation Index)

The Beneish M Score formula is as follows:

$$= -4.840 + 0.920 \text{ DSRI} + 0.528 \text{ GMI} + 0.404 \text{ AQI} + 0.892 \text{ SGI} + 0.115 \text{ DEPI}$$

3.1.2 Independent Variable X

The independent variables used in this study are Financial Targets which are proxied with return on assets (ROA), Ineffective Monitoring is proxied with the ratio of directors' turnover (BDOUT), Change in Auditor is proxied with a ratio of ΔCPA , and Capability is proxied with Dchange.

Profit to total asset ratio (ROA) is a measure of operational performance that is widely used to show how efficient assets have worked Skousen et al (2009). So based on the description above, financial targets are proxied with ROA. Return on Asset (ROA) is part of the profitability ratio in the analysis of

financial statements and measurement of company performance.

Ineffective Monitoring is a condition where the company does not have good internal control. Occurs due to the dominance of management by people or groups, without compensation control, ineffective supervision of the board of directors and audit committee over the financial reporting process and internal control and the like (SAS No 99) in [12]. So, this study uses ineffective monitoring variables that are proxied with the ratio of the number of board of commissioners (BDOUT).

Change in auditors is a proxy of rationalization, which is loaded with subjective judgments of companies. The subjective assessment and decision making of the company will be reflected in the company's accrual value according to [12]. The calculation of auditor turnover is measured using dummy variables where auditor turnover is given the number 1 and the number 0 for companies that do not change their auditors during the study period.

The capability that someone has in the company will affect the possibility of someone committing fraud. [9] in [2] suggest that changes in directors can cause stress periods that have an impact on the more open opportunities for fraud. Therefore, this study uses Capability which is proxied by the change of company directors (DCHANGE) measured by dummy variables where if there is a change in the company's Board of Directors during the 2017-2019 period, it is given a code of 1, otherwise if there is no change in the company's directors during the 2017-2019 period, it is given a code of 0.

3.1.3 Moderating Variables

The moderating variable used in this study is the Audit Committee. According to [3], the audit committee is an internal company party that has the duty and responsibility to assist the board of commissioners in ensuring supervision of financial reporting, supervising external audits in order to maintain their independence and observing the company's internal control system.

3.2 Data Types and Sources

This research focuses on manufacturing companies listed on the Indonesia Stock Exchange in the 2017-2019 period. This study used data from that period on the grounds that the data was the latest data that had been published. The type of research used uses quantitative methods with secondary data sources. Secondary data is obtained from the www.idx.co.id site for the financial statements for the period 2017-2019 in each company which will be calculated statistically.

3.3 Data Collection Methods

This study used purposive sampling as a sampling technique, meaning that samples were selected according to certain criteria first [1]. Invoice companies listed on the Indonesia Stock Exchange for the period must meet the following criteria to be sampled, namely: Manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2019. Disclose data related to research variables and are available completely during the period 2017-2019. The Company is not indicated to have committed financial statement fraud based on the Beneish M-score method at least 1 time in the research period

3.4 Data Analysis Methods

Descriptive method is a method used to analyze data by describing or describing data that has been collected as it is without making conclusions and applicable to general or generalization. In this study, the data analysis method used was a descriptive statistical method. In this study, descriptive statistical tests were carried out to determine the mean value, median value, standard deviation, maximum and minimum values of the independent variable and dependent variable. The analysis is used to describe independent variables in the form of elements of diamond fraud, bound variables, namely financial statement fraud and moderation variables of company size.

3.5 Classical Assumption Test

Multiple linear regression testing can be done after the model in this study meets the requirements, namely passing the classical

assumption test. Testing of classical assumptions is necessary to detect the presence or absence of deviations from classical assumptions over the multiple regression equations used. This test consists of normality, multicollinearity, autocorrelation, and heteroscedasticity tests.

3.6 Linear Regression Analysis

In this study, the hypothesis was tested using a Moderated Regression Analysis (MRA) model. According to [17] Interaction test or often referred to as Moderated Regression Analysis (MRA) is a special application of linear multiple regression where the regression equation contains elements of interaction (multiplication of two or more independent variables). Moderated Regression Analysis (MRA) is a special application of multiple linear regression where the regression equation contains elements of interaction (multiplication of two or more independent variables). This analysis is used to determine the direction of the relationship between the dependent variable and the independent variable whether each independent variable is positively (+) or negatively (-) related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. The data used is usually on an interval or ratio scale. This interaction test is also used to determine the extent to which the interaction of independent variables can affect the diamond fraud element and the audit committee against financial statement fraud. In this study the regression model to be tested is as follows:

$$Y = \beta_1ROA + \beta_5AC + \beta_6ROA.AC + \epsilon_1$$

$$Y = \beta_2BDOUT + \beta_5AC + \beta_7BDOUT.AC + \epsilon_2$$

$$Y = \beta_3AUDCHANGE + \beta_5AC + \beta_8AUDCHANGE.AC + \epsilon_3$$

$$Y = \beta_4DCHANGE + \beta_5AC + \beta_9DCHANGE.AC + \epsilon_4$$

Information:

Y	Financial Statement Fraud
α	Constanta
β_1-4	Coefficient of independent variable

β_5 Moderation variable coefficient

β_6-9 Regression coefficient of moderation for the independent variable

TWO Return on Asset

PEOPLE

BDOUT Ratio Board of Commissioner Independent

AUDCHAN Change in Auditor

DCHANGE Change in Director

AND Audit Committee

ϵ error

Hypothesis testing in this study aims to determine whether or not there is an influence caused by the independent variable on the dependent variable. The following are the methods used to test hypotheses in research. The t test is known as a partial test, which is a test that aims to show how far the influence of one explanatory or independent variable individually in explaining the variation of the independent variable. The F test is used to determine whether or not there is an influence together with the independent variable on the dependent variable. The Coefficient of Determination (R²) essentially measures how far the model is capable of determining the variation of the dependent variable. According to [18], this test aims to determine the proportion or percentage of total variation in the dependent variable described by the independent variable.

4. RESULTS AND DISCUSSION

This study uses a sample of companies engaged in manufacturing listed on the Indonesia Stock Exchange during the period 2017 - 2019. The method used in selecting this sample was the purposive sampling method during 2017 - 2019 and obtained a sample number of 80 manufacturing companies listed on the Indonesia Stock Exchange. The nature of the research to be carried out on this study is hypothesis testing. The purpose of this study is to examine the effect of pressure, opportunity, rationalization, and capability on financial statement fraud with the audit

committee as a moderating variable. Researchers use this research model to empirically prove and analyze the factors that influence financial statement fraud. Thus,

there are 4 (four) independent variables, 1 (one) moderating variable, and 1 (one) dependent variable.

Table 1. Descriptive Statistics of Metric Variables

	N	Minimum	Maximum	Mean	Std.Deviation
Financial Statement Fraud	240	-4,13	-,12	-2,1866	,65725
Pressure - Financial Targets	240	-3,09	9,97	,1503	1,12686
Opportunity - Ineffective Monitoring	240	,00	1,00	,3709	,12882
Rationalization - Change in Auditor	240	0	1	,07	,250
Capability - Change in Director	240	0	1	,22	,418
Komite Audit	240	,30	1,50	,8682	,33141
Valid N (listwise)	240				

In the Financial Statement Fraud variable, statistical results show a minimum value of -4.13 and a maximum value of -0.12. The average value of Financial Statement Fraud produced from 240 research samples is -2.1866. The standard deviation value is 0.6575. In the financial target variable, the statistical test results show a minimum value of -3.09 and a maximum value of 9.97. The average financial target value obtained for 240 samples of research objects is 0.1503. The standard deviation value is 1.12686. In the ineffective monitoring variable, statistical results show a minimum value of 0.00 and a maximum value of 1. The average value of ineffective monitoring produced from 240

research samples is 0.3709. The standard deviation value is 0.12882. In the results of this study, Change in Auditor can be measured through a nominal scale in the form of a dummy with a score of 0-1, an average value of 0.07. In the results of this study, change in director can be measured through a nominal scale in the form of a dummy with a score of 0-1, an average value of 0.22. In the audit committee variable, the statistical results show a minimum value of 0.3 and a maximum value of 1.5. The average value of the audit committee produced from 240 research samples was 0.8682. The standard deviation value is 0.33141.

Table 2. Kolmogorov-Smirnov One-Sample Normality Test Results

		Unstandardized Residual
N		240
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,61732288
Most Extreme Differences	Absolute	,040
	Positive	,040
	Negative	-,036
Test Statistic		,040
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on the results of normality testing that has been done, it can be stated that the residual value in the multiple regression equation model already has an Asymp value. Sig of 0.200 > alpha of 0.05. The results state

that it means that the distribution of residual values in multiple regression models can be stated that the data has been distributed normally.

Table 3. Autocorrelation Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,332a	,110	,075	,63204	1,935

a. Predictors: (Constant), DCHANGE. AC, ROA. AC, Ineffective Monitoring, Change in Auditor, Komite Audit, Change in Director, Financial Targets, AUDCHANGE. AC, BDOUT. AC

b. Dependent Variable: Financial Statement Fraud

From Table 3 of the autocorrelation test results above, it can be stated that the regression model in this study has a total of 240 observations, with the number of independent variables, namely 4 variables. Thus, the result of the lower limit value dL is

1.78245 with an upper limit dU of 1.82575. The results of the Durbin-Watson test were obtained on a regression equation of 1,936 which means there is no autocorrelation problem.

Table 4. Simultaneous Test Results (Test f)
ANOVA

Model		Sum of Squares	df	Mean Square	F	Say.
1	Regression	11,363	9	1,263	3,160	,001b
	Residual	91,879	230	,399		
	Total	103,242	239			

a. Dependent Variable: Financial Statement Fraud

b. Predictors: (Constant), DCHANGE. AC, ROA. AC, Ineffective Monitoring, Change in Auditor, Komite Audit, Change in Director, Financial Targets, AUDCHANGE. AC, BDOUT. AC

Simultaneous Significant Test Results (Statistical Test F)

From table 4 above, the results of the simultaneous significant test (Test F) hypothesis above are known that the significance value is $0.001 < \alpha 0.05$. which means that there is a shared influence between all independent variables and

moderation variables (financial targets, ineffective monitoring, change in auditor, and change in director, audit committee as moderation variables, ROA. AC, BDOUT. AC, AUDCHANGE. AC, and DCHANGE. AC) against Financial Statement Fraud.

Table 5. Test Results t

Model	Unstandardized		Standardized		t	Say.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
1 (Constant)	-2,747	,192			-14,289	,000
Financial Targets	,197	,068	,337		2,875	,004
Ineffective Monitoring	,589	,344	,115		1,714	,088
Change in Auditor	-,251	,218	,096		-1,153	,250
Change In Director	-,095	,100	,061		-,950	,343
Komite Audit	,453	,143	,228		3,172	,002
TWO. AC	,423	,180	,272		2,346	,020
BDOUT. AC	,165	1,051	,011		,157	,876
AUDCHANGE. AC	-,934	,483	-,158		-1,933	,054
DCHANGE. AC	-,342	,284	-,077		-1,204	,230

a. Dependent Variable: Financial Statement Fraud

4.1 The Effect of Pressure on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the pressure variable proxied with financial targets has a sig value. of $0.004 < 0.05$ with a regression coefficient of 0.197. This shows that the variable financial targets are not significant at the level of 5%, which means that the decision is that the H1 hypothesis is accepted (H0 is rejected). This proves that financial targets affect Financial Statement Fraud.

4.2 The Effect of Opportunity on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the opportunity variable proxied by ineffective monitoring has a sig value. of $0.088 > 0.05$ with a regression coefficient of 0.589. This shows that the ineffective monitoring variable is not significant at the level of 5%, which means that the decision is that the H2 hypothesis is rejected (H0 is accepted). This proves that ineffective monitoring has no effect on Financial Statement Fraud.

4.3 The Effect of Rationalization on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the rationalization variable proxied by change in auditor has a sig value. of $0.250 < 0.05$ with a regression coefficient of -0.251. This shows that the change in auditor variable is significant at the level of 5%, which means that the decision is that the H3 hypothesis is rejected (H0 is accepted). This proves that changes in auditors have no effect on Financial Statement Fraud.

4.4 The Effect of Capability on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the capability variable proxied with change in director has a sig value. of $0.343 < 0.05$ with a regression coefficient of -0.095. This shows that the change in director variable is significant at the level of 5%, which means that the decision is that the H4

hypothesis is rejected (H0 is accepted). This proves that change in director has no effect on Financial Statement Fraud.

4.5 The Effect of the Audit Committee in Moderating Pressure on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the audit committee variable as a moderation variable has a sig value. of $0.02 < 0.05$ with a regression coefficient of 0.423. This shows that the audit committee's variables in the regression equation are significant at the level of 5%, which means that the decision is the accepted hypothesis H5 (H0 accepted). This proves that the audit committee variable is able to strengthen the influence of pressure on Financial Statement Fraud.

4.6 The Effect of the Audit Committee in Moderating Opportunities on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the audit committee variable as a moderation variable has a sig value. of $0.876 > 0.05$ with a regression coefficient of 0.165. This shows that the audit committee's variables in the regression equation are not significant at the level of 5%, which means that the decision is that the H6 hypothesis is rejected (H0 is accepted). This proves that the audit committee variable is unable to strengthen the effect of ineffective monitoring on Financial Statement Fraud.

4.7 The Effect of the Audit Committee in Moderating Rationalization on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the audit committee variable as a moderation variable has a sig value. of $0.054 < 0.05$ with a regression coefficient of -0.934. This shows that the audit committee's variable in the regression equation is significant at the level of 5%, which means that the decision is that the H7 hypothesis is accepted (H0 is rejected). This proves that audit committee variables are able to strengthen the influence

of change in auditors on Financial Statement Fraud.

4.8 The Effect of the Audit Committee in Moderating Capability on Financial Statement Fraud

Based on the results of partial regression testing (t-test) shown in table 4.9, it is known that the audit committee variable as a moderation variable has a sig value. of 0.230 < 0.05 with a regression coefficient of -0.342. This shows that the audit committee's variable in the regression equation is significant at the level of 5%, which means that the decision is that the H8 hypothesis is rejected (H0 is accepted). This proves that the audit committee variables are unable to strengthen the influence of change in director on Financial Statement Fraud.

5. CONCLUSION

Based on the results of the analysis and discussion of diamond fraud analysis on the detection of financial statement fraud using the Beneish M-Score, it can be concluded that variable pressure proxied with financial targets affects Financial Statement Fraud. The opportunity variable proxied by ineffective monitoring has no effect on Financial Statement Fraud. Rationalization variables proxied by change in auditors have no effect on Financial Statement Fraud. The capability variable proxied by change in

director does not affect Financial Statement Fraud. Audit committee variables are able to strengthen the influence of pressure on Financial Statement Fraud. Audit committee variables are unable to strengthen the effect of ineffective monitoring on Financial Statement Fraud. Audit committee variables are able to strengthen the influence of change in auditors on Financial Statement Fraud. Audit committee variables are unable to strengthen the influence of change in director on Financial Statement Fraud.

Based on the conclusions obtained in this study, this study is expected to be a reference or additional information in terms of decision making in order to pay attention to the factors that researchers present in this study, especially those that are proven to affect financial statement fraud. For decision makers, the more frequent changes of directors in the company have the potential to increase financial reporting fraud. Therefore, it is necessary to consider the factors that determine the change of directors. For academics, the topic of fraud, especially in the type of financial statement fraud, can be further developed. For example, focus more on the latest theoretical developments that affect financial statement fraud, in this case diamond fraud. So that in the future other measuring instruments can be raised or found that are more valid and can represent related variables.

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