
AUDIT COMMITTEE AS A MODERATION VARIABLE OF FRAUD TRIANGLE EFFECT ON FRAUDULENT STATEMENT

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Abstract

One of the indicators of a company's achievement is the presentation of financial reports. It becomes a problem that is detrimental to the state and the company itself while the company modifies its financial reports to attract investors. This research is aimed at exploring the relationship between fraud triangle theory (stimulus/stability, opportunity, rationalization) which influences financial report fraud (f-score) with audit committee moderation variables which are still inconsistent, as well as reminding investors to be more careful in investing funds. Additionally, it aims to caution investors to be more careful in investing their funds. A total of 165 manufacturing sector companies listed on the Indonesia Stock Exchange in the 2019-2022 research period were used as the population and sample data was obtained using a purposive sampling technique of 52 units (208 observation data) in this research. The research data analysis method is processed in the SmartPLS application in processing sample data. Testing the validity of the research model was carried out using convergent validity & discriminant validity and research hypothesis testing was used by bootstrapping. The research results showed that only the stimulus/stability variable had significant implications for fraudulent statements. However, the opportunity and rationalization variables have no influence and are not significant. Then the audit committee as a moderating variable succeeded in strengthening the influence of opportunity on fraudulent statements. Meanwhile, the audit committee has not been able to strengthen or weaken the relationship between stimulus/stability and rationalization variables in the tendency for fraudulent financial statements to occur.

Keywords: fraud triangle; fraudulent statement; audit committee; stability; opportunity; rationalization

INTRODUCTION

Institutions around the world have been victims of *fraud*, which is one form of financial crime that has ever existed (ACFE, 2020). Indonesia has the 4th largest rank in the Asia Pacific region after Malaysia, China, and Australia (ACFE, 2022). Reporting from the results of the ACFE survey in 2020 which said that the manufacturing company sector is the type of institution that can be said to be predominantly miserable by fraud with the 3rd rank after banking and government institutions (ACFE, 2020). Although fraud cases that occur in Indonesia are dominated by corruption, in terms of the intensity of losses obtained from financial statement crimes ranked first at 67.4% and the survey results also revealed fraud sourced from 50.2% of the company's own employees (ACFE Indonesia Chapter, 2019). Employees who have the position of top manager or executive manager are the source of fraud problems in financial statements, amounting to 30% of 234 cases (ACFE, 2020).

As in the case of financial statements that occurred at PT Waskita Karya Tbk and PT Wijaya Karya Tbk which manipulated financial statements by hiding a collection of bills from vendors from 2016, the company's financial statements look healthy from the outside, when what actually happened was that the company was bearing debt (Tempo, 2023). From the financial statements issued by IDX in the 2021-2022 period, when viewed from its profit and loss, PT WSKT experienced a decrease in loss of 9.92% while PT WIKA experienced a decrease in profit of 1603.62% (IDX, 2022). This discussion is increasingly interesting to be examined to detect financial statement fraud, because it can be applied from the fraud triangle theory described by Cressey (1953). Based on this background, the proxies used in the fraud

triangle are company stability (ACHANGE) from stimulus variables, industry nature from opportunity variables, and total accrual from rationalization variables.

Stimulus is one of the trigger factors to be able to cheat (Vousinas, 2019). Stimulus factors triggered on company stability can encourage fraud (Skousen et al., 2008). This is in line with Skousen, the financial stability of companies can be a detector of financial statement fraud (Aulia Haqq & Budiwitjaksono, 2020; Siregar & Murwaningsari, 2022). When the company's financial stability is threatened, the manager will feel the urge to manipulate financial statements (Bawekes et al., 2018). However, the company's declining stability does not seem to be a motivation to carry out financial statement fraud, financial managers do not necessarily modify financial statements because it results in damage to the company's long-term financial condition (Putra & Kusnoegroho, 2021). The stability of the company does not have a significant effect on the dishonesty of financial statements (Sabatian & Hutabarat, 2020; Setyono et al., 2023).

Then the nature of industry as a further definition of the opportunity factor, in the study of Loebbecke et al (1989) used a sample of his research on a number of frauds involving receivables and inventory (Skousen & Twedt, 2009). Opportunity has a significant effect on financial statement fraud (Reskino & Saba, 2022). Weak governance and internal system control make the opportunity as a detector for financial statement modifications. Modifying the age and assets of the company is an example of the cause of the opportunity for financial statement crime due to the management of bad debts and unproductive inventory, this certainly has a significant effect between the relationship of opportunity to financial statement crime (Sari et al., 2022). Then uncollectible receivables have the potential for subjective calculations, because receivables are easier to use as a tool for manipulating financial statements, namely by the use of accruals, this is related to the rise or fall of receivables which results in changes in company revenue and cash (Damayani et al., 2017). However, the opportunity with financial statement crime does not have a significant effect, namely that as long as the agency is billed by many other agencies that collect bad debts based on age and the amount of receivables, the agency cannot avoid being able to manipulate financial statements (Aulia Haqq & Budiwitjaksono, 2020). The opportunity factor does not have a significant influence on the crime of financial statements (Iqbal et al., 2016; Ratnasari & Rofi, 2020).

The justification of deception by the fraudster who seems to call himself an honest person is a rationalization factor (Vousinas, 2019). The rationalization factor can be measured by total accruals (Beneish et al., 2012). Therefore, this management accrual principle can be used by financial statement manipulators. Therefore, there is a significant influence of the relationship of rationalization factors to financial statement fraud (Iqbal et al., 2016; Kirana et al., 2023; Prastyo et al., 2022). However, the principle of management accrual related to the recognition of income and expenses recorded when transactions occur so that cash receipts are not visible has not been able to prove that rationalization has a significant effect on financial statement fraud (Ratnasari & Rofi, 2020). The rationalization factor is not in line with existing theory and cannot give an impression and is not significant to financial statement fraud (Reskino & Saba, 2022; Suryani et al., 2023).

Previous research has shown inconsistent results in terms of both significant and insignificant influence on financial statement crime. Good Corporate Governance has an important role in terms of corporate governance, this will also refer to the application of corporate financial reporting, therefore this study adds important indicators in moderating the relationship of the fraud triangle to financial statement fraud. Based on agency theory, the existence of an audit committee can be a financial safeguard for the company in its operational stability and this can reduce the gap between each agent's and principal's interests. In relation to the opportunity factor, agents in the concept of agency theory can

commit crimes on the financial side of the company, especially those related to subjective calculations of uncollectible accounts receivable, with the existence of an audit committee will be able to enlarge its role to minimize these crimes. The concept of agency theory is made so that the principal can manage the course of the company in the long run, this requires the agent that all actions are in accordance with what the principal has designed, the audit committee in this case is required to be able to contribute more in narrowing the potential for changes in agency actions. Namely justifying the company's accrual income which can cause a change in the direction of company goals that have been designed by the principal.

GCG moderation variables were chosen in this research model based on the premise that GCG has an influence on moderating the relationship of the fraud triangle to financial statement dishonesty. The audit committee of GCG which has the role of supervising and preparing accurate & accountable financial reporting systematics will be needed if the company has a stable performance because it is just in case the company's finances remain stable, because this can affect the emergence of financial statement modifications (Zulfa & Tanusdjaja, 2022). The role of the audit committee in terms of supervision is closely related to it can also motivate companies to build real business management (Sulmi et al., 2020). In this case, business management, especially objective accounts receivable management, will be an advantage for the company itself because it is in accordance with real conditions, otherwise if the financial statements are modified, it will result in the company's financial condition as if healthy, even though it is far from reality. Then the GCG of the audit committee is clearly related to accrual, which is a concept that describes a recognition of income when a transaction occurs and ignoring cash receipts can cause overstatement if there is no role of the audit committee (Ratnasari & Rofi, 2020). The attitude of changing the financial statements to appear to be correct and considered reasonable if the audit committee does not contribute in terms of supervision of the preparation of financial statements, especially in the application of accruals.

Although this study has a simple model, the model of the fraud triangle theory is interesting because it can be a detection of financial statement crime while refining research from, coupled with phenomena & problems that are considered detrimental to the state about financial statement fraud, as well as additional moderation variables that are still the subject of discussion to be studied. This study intends to update from the research of (Reskino & Saba, 2022), (Sari et al., 2022), (Zulfa & Tanusdjaja, 2022), (Kirana et al., 2023), and (Rizkia et al., 2023) who equally put audit committee moderation in relation with fraudulent statement. In addition, the exploration of the audit committee as a moderation variable from the relationship of fraud triangle theory (Cressey, 1953) with the model of financial statement fraud aims to always remind investors to be more careful in investing funds. This research is expected to help investors through statistical analysis, whether the audit committee is able to moderate the relationship between the fraud triangle variable and the financial statement fraud detection variable. The four factors, namely stimulus/stability, opportunity, rationalization, and audit committees, were tested with 52 manufacturing company objects in the 2019-2022 period.

RESEARCH METHOD

This research is a descriptive and associative type research. The use of quantitative as an approach to this research focuses on manufacturing companies in Indonesia. This object is used in this study because quoted from the results of the ACFE survey in 2020, the selection of the manufacturing company sector is the type of institution that can be said to be more miserable by fraud with the 3rd rank after banking and government institutions (ACFE, 2020). Researchers also assume that manufacturing sector companies are an important

foundation in their contribution in Indonesia and also as a supporter of all kinds of household needs, especially the community. The contribution in terms of national economic growth in the second quarter of 2023 reached 16.30%, indicating that manufacturing sector companies in Indonesia are still the highest among other sectors (Kemenperin, 2023). However, behind that achievement, manufacturing sector companies are most involved in fraud, and of course this can lead to additional state losses. Therefore, the interest of researchers to study this population has increased since there were fraud cases that occurred at PT WIKA and PT WSKT which must be reviewed in this research topic.

In determining the sample, purposive sampling techniques are used with criteria that must be met, namely: (1) manufacturing sector companies listed on the IDX, (2) manufacturing companies that are not delisted. (3) companies that have a complete annual report on the company's website and IDX in the 2019-2022 period, (4) companies that have complete data for calculations with the F-Score Model, (5) companies that use rupiah currency in their financial statements.

Table 1. Sample Determination

| Criterion | Preliminary Results |
|--|---------------------|
| Manufacturing companies listed on IDX | 165 |
| Manufacturing companies that were not delisted in the study period | 160 |
| Companies that have a complete annual report on the company's website and IDX during the research period | 100 |
| Companies that have complete data for calculations with the F-score model | 52 |
| Companies that use rupiah currency | 52 |
| Final Results | 52 |

In Table 1, the results of sample determination using purposive sampling techniques obtained 52 company sample data with a research period of 4 years (208 observation data) that have been met in these criteria. The use of SmartPLS application version 3.2.9 is used as a research tool in processing sample data. Testing the validity of the research model is carried out with convergent validity and discriminant validity and testing the research hypothesis is used by bootstrapping.

Operational and Measurement Variables

The use of bound variables is measured based on model 1 of Dechow et al. (2011), namely the fraud score model (F-score). F-score is used in this study to measure accruals in financial statements, therefore the possibility of errors in financial statements can be detected through accruals. You can see the F-score measurement through Table 2 next:

Table 2. Operational and Measurement Variables

| Variable | Proxy | Operational Definition | Measurement |
|---------------------------|---------|--|--|
| Financial statement fraud | F-score | To find indicators of financial statement fraud, it can be calculated from the sum between the quality of accruals and financial | $F\text{-score} = \text{Accrual Quality} + \text{Financial Performance}$ |

| | | | |
|----------------------------------|-------------|---|--|
| | | performance (Skousen & Twedt, 2009) | |
| Stimulus (Stability) | ACHANGE | Stimulus factors triggered on company stability can encourage fraud (Skousen et al., 2008) | $ACHANGE = \frac{\text{Total Asset}_{(t)} - \text{Total Asset}_{(t-1)}}{\text{Total Asset}_{(t)}}$ |
| Opportunity (Nature of Industry) | RECEIVABLES | Subjective management of receivables will cause uncollectible receivables to be calculated incorrectly or deliberately skipped (Bawekes et al., 2018) | $\text{Receivables} = \frac{\text{Receivables}_{(t)}}{\text{Sales}_{(t)}} - \frac{\text{Receivables}_{(t-1)}}{\text{Sales}_{(t-1)}}$ |
| Rationalization (TATA) | TATA | Things that become income and expenses when transactions occur are required to be recorded, not sourced from cash receipts are rationalization factors or misuse of the concept of accrual (Ratnasari & Rofi, 2020) | $TATA = \frac{\text{Net Income} - \text{CFO}}{\text{Total Assets}}$ |
| Audit Committee | COM | audit committee of GCG which has the role of supervising and preparing accurate & accountable financial reporting systematics (Zulfa & Tanusdjaja, 2022) | $COM = \sum \text{Audit Committee Members}$ |

RESULT AND DISCUSSION

Descriptive Statistic Analysis

Table 3. Descriptive Analysis

| Indicator | N | Min | Max | Mean | Standard Dev. |
|---------------------|----|---------|-------|--------|---------------|
| ACHANGE (X1) | 52 | -0,637 | 0,433 | 0,021 | 0,129 |
| RECEIV (X2) | 52 | -0,234 | 0,399 | 0,002 | 0,065 |
| TATA (x3) | 52 | -0,338 | 1,198 | -0,031 | 0,122 |
| Audit Committee (Z) | 52 | 2,000 | 5,000 | 3,062 | 0,417 |
| Fraud (Y) | 52 | -60,743 | 9,600 | -0,108 | 4,294 |

In table 3 above, it is known that the maximum value of the fraud variable is 9.6 and the minimum value is -60.743. The variable ACHANGE as financial stability has a maximum

value of 0.433 and a minimum value of -0.637. The variable RECEIV as an opportunity has a maximum value of 0.399 and a minimum value of -0.234. The TATA variable as rationalization has a maximum value of 1.198 and a minimum value of -0.338. Then the audit committee variable has a maximum value of 5,000 and a minimum value of 2,000.

Outer Model Test

Convergent Validity Test Results

The measurement of convergent validity tests is useful for testing the validity of the relationship of each variable. On individual parameters whose correlation value exceeds 0.7, it will be considered that the parameter is reliable. However, if the study increases the scale, if the loading factor value is between 0.5 to 0.6 then it is still acceptable, if each variable AVE value is above 0.5 then the convergent validity has been met (Ghozali, 2021).

Tabel 4. Outer Weights

| Indicator | ACHANGE*COM | Fraud (Y) | Audit Committee (Z) | Opportunity (X2) | RECEIV*COM | Rationalization (X3) | Stimulus (X1) | TATA*COM |
|---------------------|-------------|-----------|---------------------|------------------|------------|----------------------|---------------|----------|
| ACHANGE (X1) | | | | | | | 1,000 | |
| Audit Committee (Z) | | | 1,000 | | | | | |
| COM(Z)*ACHANGE(X1) | 1,000 | | | | | | | |
| COM(Z)*RECEIV(X2) | | | | | 1,000 | | | |
| COM(Z)*TATA(X3) | | | | | | | | 1,000 |
| Fraud (Y) | | 1,000 | | | | | | |
| RECEIV (X2) | | | | 1,000 | | | | |
| TATA (x3) | | | | | | 1,000 | | |

In table 4, it can be seen that all indicators have values exceeding 0.7, which means that all constructs have met the requirements for convergent or reliable validity.

Discriminant Validity Results Test

The use of this research model can be tested using a discriminant validity test which aims so that each latent variable is not the same as other variables, this test can be seen from the cross loading value. In order to know that the construct has an adequate discriminant or not, with a comparison of the value of the loading construct that must be above other values (Ghozali & Latan, 2015).

Tabel 5. Cross Loading Results

| Indicator | ACHANGE*COM | Fraud (Y) | Audit Committee (Z) | Opportunity (X2) | RECEIV*COM | Rationalization (X3) | Stimulus (X1) | TATA*COM |
|----------------------|-------------|-----------|---------------------|------------------|------------|----------------------|---------------|----------|
| ACHANGE*COM | 1,000 | | | | | | | |
| Fraud (Y) | -0,234 | 1,000 | | | | | | |
| Audit Committee (Z) | -0,128 | 0,187 | 1,000 | | | | | |
| Opportunity (X2) | 0,078 | -0,464 | -0,027 | 1,000 | | | | |
| RECEIV*COM | -0,259 | 0,797 | 0,146 | -0,414 | 1,000 | | | |
| Rationalization (X3) | -0,024 | 0,061 | -0,025 | -0,012 | 0,014 | 1,000 | | |
| Stimulus (X1) | 0,293 | 0,232 | 0,074 | -0,095 | 0,128 | 0,454 | 1,000 | |
| TATA*COM | 0,309 | -0,173 | 0,008 | 0,025 | -0,192 | -0,214 | -0,069 | 1,000 |

Shown in table 5 above, illustrates that all variable constructs of the indicator already have a cross loading factor value exceeding 0.7. Then, when compared to other construct values, the results are still higher, therefore it can be interpreted that all constructs consisting of ACHANGE*COM, fraud (Y), audit committee (Z), opportunity (X2), RECEIV*COM, rationalization (X3), stimulus (X1), TATA*COM have fulfilled discriminant validity.

Inner Model Test

R-square test

The use of R-square in model assessment aims to find out the capacity of the strength of substantive influence between model assessments. There are three classifications in the r-square test; a value of 0.75 indicates strong, a value of 0.50 indicates moderate, then a value of 0.25 describes that the model is not strong (Ghozali & Latan, 2015).

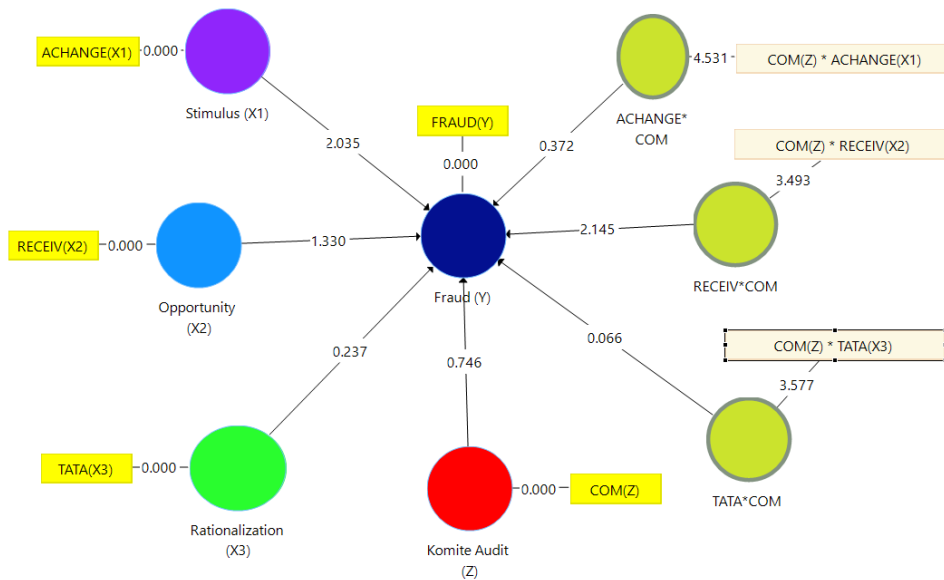


Figure 1. PLS Algorithm

Table 6. R-square

| Indicator | R Square | R Square Adjusted |
|-----------|----------|-------------------|
| FRAUD | 0,683 | 0,672 |

When viewed from table 6, the variables ACHANGE*COM, fraud (Y), audit committee (Z), opportunity (X2), RECEIV*COM, rationalization (X3), stimulus (X1), TATA*COM have an r-square value of 68.30% which means that these variables can describe simultaneously the f-score variables that The value is 0.683. It can be concluded that this research model belongs to a fairly strong category. Then, the value of 31.7% is another factor outside of this study.

Hypothesis Test Results

Hypothesis testing in this study is used from the bootstrapping method, which is to evaluate t-statistical values and parameter coefficients. T-statistics in this study are 2.012 which comes from the calculation of the value $df = 47$ or $(52 - 5)$.

Tabel 7. Path Coefficient

| Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T-Statistics (O/STDEV) | P Values |
|------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| Stimulus (X1) → Fraud (Y) | 0,161 | 0,119 | 0,079 | 2,035 | 0,042 |
| Opportunity (X2) → Fraud (Y) | -0,159 | -0,199 | 0,120 | 1,330 | 0,184 |

| | | | | | |
|--|--------|-------|-------|-------|-------|
| <i>Rationalization</i> (X3) → <i>Fraud</i> (Y) | -0,026 | 0,001 | 0,110 | 0,237 | 0,813 |
|--|--------|-------|-------|-------|-------|

In table 7 it can be seen that the stimulus variable (X1) has an influence (t value 2.035 > t value table 2.012) which significantly (p-value value 0.042 < 0.05) on fraud (Y), the original value of the sample on stimulus (X1) is 0.161 which describes that every increase in stimulus (X1) can increase fraud (Y) by 0.161. The opportunity variable (X2) has no effect (t value 1.330 < t value table 2.012) that is not significant (p-value 0.184 > 0.05) on fraud (Y), the original sample value on opportunity (X2) is -0.159 which describes that every one increase in opportunity (X2) can reduce fraud (Y) by 0.159. The rationalization variable (X3) has no significant effect (t value 0.237 < t table 2.012) (p-value 0.813 > 0.05) on fraud (Y), the original sample value in rationalization (X3) is -0.026 which means that every increase in rationalization (X3) can reduce fraud (Y) by 0.026.

Tabel 8. Path Coefficient Moderation

| Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T-Statistics (O/STDEV) | P Values |
|--|----------------------------|------------------------|-----------------------------------|---------------------------------|-----------------|
| <i>ACHANGE*COM</i> → <i>Fraud</i> (The) | -0,038 | -0,048 | 0,101 | 0,372 | 0,710 |
| <i>RECEIV*COM</i> → <i>Fraud</i> (Y) | -0,501 | 0,350 | 0,233 | 2,145 | 0,032 |
| <i>TATA*COM</i> → <i>Fraud</i> (Y) | -0,010 | 0,068 | 0,160 | 0,066 | 0,948 |
| Audit Committee (Z) → <i>Fraud</i> (Y) | 0,061 | 0,076 | 0,081 | 0,746 | 0,456 |

Table 8 explains that the *ACHANGE*COM* interaction variable has no effect (t value 0.372 < t value table 2.012) that is not significant (p-value 0.710 > 0.05) on fraud (Y), the amount of the original sample value on the *ACHANGE*COM* interaction variable is -0.038 which describes that every increase in the *ACHANGE*COM* interaction variable can decrease fraud (Y) of 0.038. *RECEIV*COM* interaction variables have a significant influence (t value 2.145 > table t value 2.012) (p-value 0.032 > 0.05) on fraud (Y), the original sample value on *RECEIV*COM* interaction variable is -0.501 which describes that every increase in *RECEIV*COM* interaction variables can reduce fraud (Y) of 0.501. The interaction variable *TATA*COM* has no significant influence (t value 0.066 < t value table 2.012) (p-value 0.948 > 0.05) on fraud (Y), the original sample value on the interaction variable *TATA*COM* is -0.010 which describes that every increase in the interaction variable *TATA*COM* can reduce fraud (Y) of 0.010. Then in the relationship of the audit committee variables did not have an effect (t value 0.746 < t value table 2.012) which was not significantly (p-value 0.456 > 0.05) on fraud (Y), the amount of the original sample value in the audit committee variable was 0.061 which describes that every one increase in COM can increase fraud (Y), amounting to 0.061. It can be concluded that the participation of moderating variables in the variables *ACHANGE*COM*, *RECEIV*COM*, and *TATA*COM* describes results that have no effect. Therefore, the audit committee variable can have the potential to become a moderating variable, however, the role of moderation homologiser in the audit committee variable in this study has not been proven.

Stimulus Against Financial Statement Fraud

From the results of this research hypothesis test, it describes that the H1 test which has an original sample of 0.161 t-statistic of 2.035 accompanied by a p value of 0.042. H1 is received because the stimulus has a significant effect on financial statement fraud. In this case, the relationship can be described in a positive direction, namely if there is one additional stimulus, it gives an addition of 0.161 to financial statement fraud. This indicates that the company will try to show stable finances because modifications to the financial statements are identified. The results of H1 prove that the theory Vouisnas (2019) put forward by Skousen et al. (2008) namely stability can motivate financial statement fraud. The results of this study have proven that stimulus on company stability can significantly affect financial statement fraud, namely companies that have stable assets indicate that in running their business the company is able to manage its assets well. Therefore, the company's financial stability can be a detector of financial statement fraud (Aulia Haqq & Budiwitjaksono, 2020; Siregar & Murwaningsari, 2022). When the company's financial stability is threatened, the manager will feel the urge to manipulate financial statements (Bawekes et al., 2018). However, the company's declining stability does not seem to be a motivation to carry out financial statement fraud, financial managers do not necessarily modify financial statements because it results in damage to the company's long-term financial condition (Putra & Kusnoegroho, 2021). The stability of the company does not have a significant effect on the dishonesty of financial statements (Sabatian & Hutabarat, 2020; Setyono et al., 2023).

Opportunity Against Financial Statement Fraud

From the results of the H2 test which has an original sample of -0.159, the t-statistic is 1.330 accompanied by a p value of 0.184. H2 was rejected because opportunity did not significantly affect financial statement fraud. So the relationship can be explained in a positive direction, namely if there is one additional opportunity it will give an addition of -0.159 to financial statement fraud. A company when it is called ideal is that the company's cash is smooth and not much company money is still stored in the customer. Weak governance and internal system control make the opportunity as a detector for financial statement modifications. However, this does not mean that the company changes its financial statements, instead the company will evaluate it directly from the company's governance and internal systems, namely on the management of receivables. Therefore, opportunities with financial statement crime do not have a significant effect. When agencies are billed by many other agencies that collect bad debts based on age and the amount of receivables, the agency cannot avoid being able to manipulate financial statements (Aulia Haqq & Budiwitjaksono, 2020). The opportunity factor does not have a significant influence on the crime of financial statements (Iqbal et al., 2016; Ratnasari & Rofi, 2020). However, modifying the age and assets of the company is an example of the cause of the opportunity for financial statement crime due to the management of bad debts and unproductive inventory, this certainly has a significant effect between the relationship of opportunity to financial statement crime (Sari et al., 2022). Then uncollectible receivables have the potential for subjective calculations, because receivables are easier to use as a tool for manipulating financial statements, namely by the use of accruals, which are related to the rise or fall of receivables which result in changes in company revenue and cash (Damayani et al., 2017). The results obtained from the opportunity factor have a significant effect on the modification of financial statements (Reskino & Saba, 2022).

Rationalization Against Financial Statement Fraud

From the results of the H3 test which has an original sample of -0.026, the t-statistic is 0.237 accompanied by a p value of 0.813. H3 was rejected because rationalization did not significantly affect financial statement fraud. It can be concluded, the relationship is represented in a negative direction, namely if there is one additional rationalization will give a decrease of 0.026 to financial statement fraud. Total accruals can be an indicator of rationalization factors (Beneish et al., 2012). This study has not been able to prove that the indicator of total accrual can influence the crime of financial statements. Companies that carry out the accrual principle in their financial reporting will be more accurate which can be fooled by financial statement manipulators, but the company does not solely change its financial statements from the existence of the accrual principle gap, because this will result in the loss of the company's reputation in the eyes of investors in the future. Therefore, the principle of management accrual is related to the recognition of income and expenses recorded when transactions occur so that cash receipts that cannot be seen have not been able to prove that rationalization has a significant effect on financial statement fraud (Ratnasari & Rofi, 2020). The rationalization factor is not in line with existing theory and cannot give an impression and is not significant to financial statement fraud (Reskino & Saba, 2022; Suryani et al., 2023). However, the principle of management accrual can be used by financial statement manipulators, therefore there is a significant influence of the relationship of rationalization factors to financial statement fraud (Iqbal et al., 2016; Kirana et al., 2023; Prastyo et al., 2022).

Audit Committee Weakens Stimulus Relationship to Financial Statement Fraud

Based on the results of the H4 test which has an original sample of -0.038, the t-statistic is 0.372 accompanied by a p-value of 0.710. H4 was rejected because the interaction variable (ACH*COM) did not significantly affect financial statement fraud. With the results of this study, the relationship can be described in a negative direction, namely if there is an addition of interaction variables (ACH*COM) will give a decrease of 0.038 to financial statement fraud. Therefore, the supervisory role of the audit committee in reviewing the company's financial statements has not been able to help financial balance in the long run, precisely with the company's stable condition, the presence of the audit committee can be minimized by the emergence of financial statement modifications in the short term. Confirming the theoretical basis of agency theory which means that the addition of audit committee factors can create relationships between agents and principals who have pressure on their personal interests so as to avoid the motivation for financial statement fraud. The audit committee has the role of supervising and systematically preparing accurate & accountable financial statements which can be needed for the company's financial safeguarding to be more stable (Zulfa & Tanusdjaja, 2022). This is also in line with the relationship of financial stability to financial statement crime can be moderated and strengthened by the audit committee (Wahyu, 2017). Even with ROA proxies, the pressure that affects fraudulent statements can also be moderated and reinforced by the audit committee (Sugita, 2018). However, the audit committee is able to moderate and weaken the company's stability relationship against financial statement fraud (Maryani, 2019). Unlike the role of the audit committee that is able to moderate and strengthen or weaken, the company's stability relationship to the modification of financial statements has not been able to generate interaction with the audit committee (Mardiana & Jantong, 2020; Rizkia et al., 2023). Due to pressure to always produce stable company financial reporting, the manager may modify its financial statements to maintain the company's financial balance, in this case the audit committee has not been able to moderate and weaken the pressure that has the potential for the manager to commit financial statement crimes (Amalia & Anisa, 2023).

Audit Committee Strengthens Opportunity Relationship to Financial Statement Fraud

For the results of the H5 test which has an original sample of 0.501, the t-statistic is 2.145 accompanied by a p-value of 0.032. H5 is accepted because the interaction variable (RECEIV*COM) has a significant effect on financial statement fraud. In the results of this study, the relationship can be described in a positive direction, namely if there is an addition of interaction variables (RECEIV*COM) will provide an addition of 0.501 to financial statement fraud. Therefore, the relationship between indicators of bad debts to financial statement modifications can be moderated and strengthened by the audit committee which actually increases the potential for financial statement fraud. The audit committee may use its supervisory role to advise uncollectible accounts receivable into company revenue. This is inversely proportional to the agency's theory, that the manager who can calculate his bad debts subjectively which should if the presence of the audit committee can minimize, will actually increase the potential for financial statement fraud. The special role in regulating the presence of company management and independent auditors to carry out the responsibilities of the board of commissioners is the authority of the company's internal group. Search for ideas and suggestions for the board of commissioners related to the priorities of internal and external interests is one of the duties of the audit committee (Sari et al., 2022). Therefore, the audit committee has the opportunity to influence management in terms of company decisions related to the decision to recognize revenue from bad debts, so that the company's financial statements seem to be made correctly and with real circumstances (Reskino & Saba, 2022). As for the proxy of ineffective monitoring, the audit committee has a moderating role in the relationship of opportunity to financial statement fraud (Sugita, 2018). However, the audit committee cannot moderate the relationship of the nature of the industry to the crime of financial statements (Reskino & Saba, 2022; Rizkia et al., 2023).

Audit Committee Strengthens Rationalization Relationship to Financial Statement Fraud

Based on the results of the H6 test which has an original sample of -0.010, t-statistic of 0.066 accompanied by a p-value of 0.948. H6 was rejected because the interaction variable (TATA*COM) did not significantly affect financial statement fraud. From the results of this study, the relationship can be represented in a negative direction, namely if there is one addition of interaction variables (TATA*COM) will give a decrease of 0.010 to financial statement fraud. The role of the audit committee in terms of maintaining the company's finances is not solely in the long term, but the audit committee strives in terms of supervision so that the company's finances in the short term can reduce the potential for misuse of the accrual concept to be able to commit financial statement fraud (Rohmatin et al., 2021). Confirming from agency theory that the results of this study are in line, because the management is more in line with the direction of the company's goals if the audit committee is present in the participation of management performance supervision. Because not many have used total accrual proxies in previous research, therefore, in proxies for changes in public accounting firms, the audit committee is able to act as a moderation and weaken the rationalization relationship to financial statement fraud. However, the audit committee has not been able to prove to be able to moderate the rationalization relationship to financial statement crimes (Sugita, 2018; Zulfa & Tanusdjaja, 2022). Because the audit committee in terms of supervision is still not said to be maximal, so management feels there is no obstacle to committing financial statement fraud by misusing the concept of accrual (Reskino & Saba, 2022).

CONCLUSION

The study reveals that audit committees play a role in moderating the fraud triangle relationship, increasing the intensity of financial statement dishonesty. This is a new finding for previous research, as it suggests that even with stable financial conditions, companies may be detected changing or modifying their financial statements. However, the study's interaction with stimulus/stability and rationalization variables did not moderate financial statement fraud. The study recommends improving audit committee supervision and controlling the presence of management and external auditors to prevent financial statement crimes. Researchers should use other moderating variables and primary data for their research.

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