Riau International Conference on Economic Business and Accounting (RICEBA)
& Riau Internasional Community Service (RICS)
Trends and Future Outlook in Global Economics, Business and Accounting
19-20 November 2024

The Effect of External Pressure, Ineffective Monitoring, Auditor Change, and Collusion on Financial Statement Fraud

(Empirical Study on Mining and Real Estate and Property Companies Listed on the IDX in 2019-2022)

Raihan Maulana , Dr. Arumega Zarefar, Volta Diyanto

UNRI

ABSTRAK

Fraud according to The Institute of Internal Auditors (IIA) is any illegal act characterized by fraud, concealment, or breach of trust. This study aims to test and analyze whether External Pressure, Ineffective Monitoring, Auditor Change, and Collusion have an effect on Financial Statement Fraud. The population of this study is Mining and Real Estate Companies and properties listed on the Indonesia Stock Exchange (IDX) in 2019-2022. Samples were determined using purposive sampling. Testing this hypothesis uses multiple linear regression analysis conducted with the help of the SPSS 26 program. The results of this study show that external pressure reviewed based on the perspective of debt owned by companies has an influence on financial statement fraud. Meanwhile, ineffective monitoring, auditor turnover, and collusion show that they have an influence on financial statement fraud. It is hoped that the company's management will be more careful in taking the right steps to prepare financial statements accurately, in order to avoid misstatements. The results of this research can also be used by companies as a source of information in decision-making, especially related to the integrity of financial statements, to improve the company's performance and prospects in the future.

Keywords: Financial Statement Fraud, *Hexagon Fraud Model*, M-score Model, Accounting, Collusion

INTRODUCTION

Financial statements are records of information about the company's finances that are presented in a structured manner from the financial position and financial performance of an entity. Every company, both large and small, needs financial statements that are prepared periodically, in accordance with the Financial Accounting Standards Statement (PSAK) No.1. In addition to providing information about the company's financial position, performance, and cash flow, financial statements can also be useful for financial report users in making economic decisions.(IAPI, 2021)

In carrying out the preparation of financial statements, of course, it must meet the Financial Accounting Standards (SAK) that have been set by the Indonesian Institute of Accountants (IAI). However, it is not uncommon for fraud to occur in the process of preparing financial statements. *The Association of Certified Fraud Examiner* (ACFE, 2022) defines fraud as an act carried out by falsification, misrepresentation, either overstatement or understatement, or by manipulating supporting documents and financial records. One of the acts of fraud is misrepresentation that is carried out deliberately and not in accordance with applicable accounting standards can have an impact on economic decisions that will be taken in the future based on the financial statements. These fraudulent acts are generally carried out by the

company's management with the intention and purpose of maintaining the company's good name or corporate image in the eyes of shareholders, prospective investors, or creditors in order to fulfill personal or group interests (Jonathan's & Wijaya, 2022).

One of the cases of financial statement fraud that has occurred in Indonesia involves mining companies such as PT Timah Tbk with the stock code TINS occurred in 2018 where the company manipulated financial statements on net profit which decreased by 73%, besides that TINS was also proven to have *overstated* on inventory with data greater than 2% of the actual one. Meanwhile, PT Hanson Internasional Tbk, which is engaged in the real estate and property sectors, was also proven to have manipulated the recognition of opinions from the sale of plots that occurred in 2016, resulting in *an overstatement* of Rp 613 billion. (Idris & Rakhma, 2020).

From this case, it can be concluded that the company overstated to be able to provide financial statements that look good in the eyes of financial statement users. With cases that occur, it is not uncommon for an auditor to use fraud theory in detecting fraud that occurs in a financial report. The fraud theory has been put forward by several researchers, one of which is the fraud theory put forward by Cressey (1953), namely the Fraud Triangle Theory in which there are three elements that affect fraud, namely pressure, opportunity, and rationalization (Skousen, 1953). (Wolfe & Hermanson, 2004) developed the existing fraud theory by adding one element, namely the ability called *Fraud Diamond,* then (Crowe, 2012) developed the existing fraud theory by adding two elements, namely arrogance and competitiveness called the *Fraud Pentagon Theory*.

The ever-evolving theory of fraud has resulted in a new theory introduced by (Vousinas, 2019), known as *the Fraud Hexagon Theory*, which adds a new element of collusion. This theory explains that collusion indirectly plays a role in the occurrence of fraud in an organization or institution. The Fraud Hexagon model includes six main elements, namely stimulus, opportunity, rationalization, capability, ego, and collusion.

In this study, mining and real estate and property companies listed on the Indonesia Stock Exchange are used as the object of this study, with a total of 121 registered companies, with the purposive sampling method making the number of samples in this study amounting to 26 companies that meet the existing criteria. With the length of the obervation period for 4 years, the total number of existing samples amounted to 104 total samples. With the research carried out, it can be used as a consideration for the manager as a basis for decision-making and also as a consideration for potential investors or users of other financial statements. Mining and real estate and property companies that are the object of this study are also one of the largest tax contributors in Indonesia, so that the fraud that occurs not only has an impact on the company but also has an impact on the Indonesian economy with taxes being the majority of state revenue.

Literature Review

Teori Agency

The Ageny theory proposed (Jensen & Meckling, 1976) explains that the relationship between two economic actors, namely the principal and the management (agent), in which the management acts on behalf of the principal to carry out several tasks. The principal has the authority to give a mandate to the

agent in making the best decisions and carrying out duties according to the contractual agreement. The Agent, despite running operations and having full access to the company's performance information, remains limited in strategic decision-making. This is because the principal as the owner of the capital has the right to the company's internal control and the final decision remains in their hands.(Smulowitz et al., 2019)

Differences in interests and positions between the principal and the agent often cause conflicts of purpose, even though they need each other. The agent, as a party who knows information about the company as a whole, has direct obligations and responsibilities for its duties. On the one hand, the principal has the right to be able to know the internal conditions of the company which are the basis for decision-making. However, it is not uncommon for agents to provide information that is not transparent, which can hinder principals in making the right decisions. This creates an information imbalance (*asymmetry information*) where the agent as an internal party has the potential to manipulate or hide certain information that should be known by the principal party as an external party who has the right to the information.(Pratiya & Susetyo, 2018)

Financial Statement Fraud

According to *the Association of Certifed Fraud Examiner* (ACFE), financial statement fraud is defined as an act that is contrary to the law that is carried out with full awareness that has a specific purpose, namely by eliminating material information in a financial statement, such as recording that is not in accordance with income or expenses, both in terms of amount and time. Financial statements that have the potential for fraud will have an impact on the decline in the integrity of the financial statements, so that they can have an impact on the decisions made by users of financial statements.

Fraud Hexagon Theory

The fraud theory proposed by (Vousinas, 2019) is the latest theory developed from the Fraud Pentagon Theory proposed by (Crowe, 2012) by adding a new element, namely collusion. With this addition, Hexagon Fraud Theory includes six elements: Stimulus (pressure), Opportunity (opportunity), Rationalization (rationalization), Capability (competence), Ego (arrogance), and Collusion (Vousinas, 2019). Based on the explanation from (Vousinas, 2019) Collusion in this theory refers to an agreement between individuals or groups, both from within and outside the company, with the intention of deceiving other parties over the rights they have.

Hypothesis Development

External Pressure on Financial Statement Fraud

Pressure from external parties can encourage management to manipulate financial statements to meet the expectations of shareholders and maintain a positive image in their eyes. In the Fraud Hexagon Theory, the pressure factor is one of the causes of financial statement fraud. In this study, stress focuses on external pressure, where management seeks to meet the expectations that are their duties and obligations. However, these efforts often have an impact on the manipulation of financial report results, which are then used as a basis for decision-making. Based on this, it can be concluded that external pressure has the

potential to increase the risk of fraud in financial statements. Research conducted by (Damayanti & Suryani, 2019), (Jannah & Rasuli, 2021), (Jonathan's & Wijaya, 2022), (Oktavia et al., 2022), (Damayani et al., 2019), and (Sihombing & SM, 2017) stated that external pressure has an effect on financial statement fraud.
H1: External Pressure Affects Financial Statement Fraud

Ineffective Monitoring of Financial Statement Fraud

Monitoring that does not run well will have the opportunity for non-fraudulent perpetrators to commit fraud in financial statements, which is often done for personal interests. Monitoring needs to be tightened to supervise the process of preparing financial statements carried out by management, as well as the need for the existence of independent parties so that they cannot be intervened by those who intend to commit fraud. The preparation of financial statements must be supervised so that the quality of the financial statements produced is of high quality.

Based on the *Fraud Hexagon Theory* put forward by Vousinas (2019), opportunity is a factor that can increase the risk of financial statement fraud due to ineffective monitoring within the company. Weak monitoring is one of the main causes of fraud, because individuals have the opportunity to act as they want or manipulate financial statements. Research conducted by (Regina Aprilia, 2017) and (Damayanti & Suryani, 2019) stated in their research that less effective monitoring has an effect on financial statement fraud.
H2: Ineffective Monitoring Affects Financial Statement Fraud

Change of Auditor on Financial Statement Fraud

The company will conduct an audit in a certain period, so the auditor will be very important as a supervisor of financial statements in the company, the auditor is also a source of information about the company that is indicated to have committed fraud. The change of auditor in the company is the change of the external auditor, so it can be known that if the change of auditor often occurs in the company, it can be known that there is an indication of fraud that has occurred.

Based on *the fraud hexagon theory* put forward by (Vousinas, 2019), a company is likely to replace the auditor to be able to reduce the detection rate of fraud in financial statements by the auditor. If a company dismisses auditors prematurely or often changes auditors prematurely, it can be suspected that something has happened in the company. The more often auditors are changed by a company, the higher the likelihood of financial statement fraud. Research conducted by (Tiapandewi et al., 2020) and (Lionny Mutia Ayuningrum et al., 2021) stated in their research that the change of auditors affects financial statement fraud.
H3: Change of Auditor Affects Financial Statement Fraud

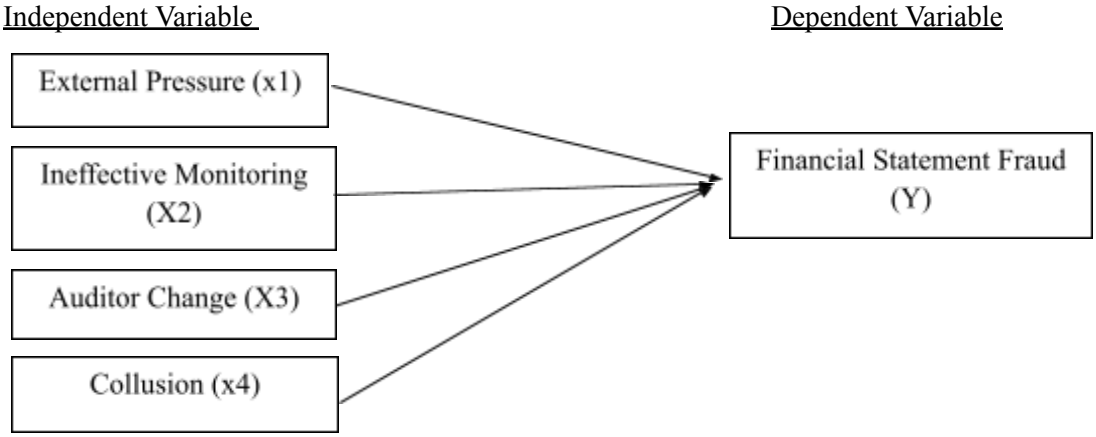
Collusion against Financial Statement Fraud

Collusion is a condition for the occurrence of an agreement that is carried out jointly with the aim of committing fraud against two or more people so that it can be said that the act of fraud carried out is a

planned and systematic action which of course there is communication between two or more parties so that this fraud does not run according to the wishes of the party. One way to measure collusion is with the cooperation that has been carried out by companies with government projects, with cooperation between the government and companies, it will provide benefits for companies that want to take government projects because they can show good financial performance and will be easier to approve. With this cooperation, the company will have political power and use it when the company's condition is experiencing difficulties. Research that has been conducted by (Jannah & Rasuli, 2021)(Sari & Nugroho, n.d.) resulting in a statement that collusion is a factor influencing financial statement fraud.
H4: Collusion Affects Financial Statement Fraud

Research Outline

Based on the development of the hypothesis above, the following research framework is produced:



RESEARCH METHODS

Population and Sample

The population that is the object of this study is mining and real estate and property companies listed on the Indonesia Stock Exchange (IDX) with the observation year period of 2019-2022. The sampling technique in this study uses *a purposive sampling technique,* This technique takes samples using certain criteria. The population of mining and real estate and property companies was 121 companies during the observation year period based on financial statements published on the Indonesia Stock Exchange (IDX). The type of data in this study uses secondary data, the analysis used is Multiple Linear Analysis as the analysis method in this study.

Variable Operational Definition

Financial Statement Fraud (Y)

The dependent variable in this study is financial statement fraud, which is a condition in which a company's financial statements are deliberately manipulated by misrepresenting both the amount and the

disclosure. The goal is to deceive users of financial statements. The measurement of financial statement fraud in this study uses the Beneish Model, which was introduced in 1999 (Putra & Lestanti, 2023). The formula used in this model is as follows:

M-score = -4,84 + 0,920DSRI + 0,528GMI + 0,404AQI + 0,892SGI + 0,115DEPI - 0,172SGAI + 4,679 TATA - 0,327LVGI

The variables contained in the Beneish M-Score model consist of:

1. Days sales receivable index (DSRI),

$$DSRI = \frac{(Piutang_t / Penjualan_t}{(Piutang_{t-1} / Penjualan_{t-1})}$$

2. Gross Margin Index (GMI),

$$GMI = \frac{(Laba\ kotor_{t-1} / Penjualan_{t-1}}{(Laba\ kotor_t / Penjualan_t)}$$

3. Depreciation Index (DEPI)

$$DEPI = \frac{(Depresiasi_{t-1}:(Depresiasi_{t-1} + Aset\ Tetap_{t-1})}{(Depresiasi_t:(Depresiasi_t + Aset\ Tetap_t)}$$

4. Sales Growth Index (SGI)

$$SGI = \frac{Penjualan_t}{Penjualan_{t-1}}$$

5. Leverage Index (LVGI)

$$LVGI = \frac{Total\ Liabilitas_t / Total\ Aset_t}{Total\ Liabilitas_{t-1} / Total\ Aset_{t-1}}$$

6. Total Accruals To Total Assets (TATA)

$$TATA = \frac{= Laba\ Setelah\ Pajak_t - Arus\ Kas\ Operasional_t}{Total\ Aset_t}$$

7. Asset Quality Index (AQI)

$$AQI = \frac{(1 - Aset\ Lancar_t + \frac{Aset\ Tetap_t}{Total\ Aset_t})}{(1 - Aset\ Lancar_{t-1} + \frac{Aset\ Tetap_{t-1}}{Total\ Aset_{t-1}})}$$

8. Sales General Administrative Index (SGAI).

$$SGAI = \frac{\frac{SGAI_t}{Sales_t}}{\frac{SGAI_{t-1}}{Sales_{t-1}}}$$

If the M-Score value obtained from the calculation above ≥ -2.22 so that it can be indicated that the company is being detected carrying out fraud, while if a ≤ number is obtained -2.22, it can be indicated that the company is not committing fraud.(Putra & Lestanti, 2023)

External Pressure (x1)

External pressure is a condition in which management receives excessive pressure to be able to meet the expectations or expectations of third parties. The high debt to the company, the level of management committing fraud will increase. The success of a company in paying debt is the source of this external pressure (Skousen et al., 2015) In this study, external pressure is proxied with *the Debt to Asset* ratio (DTA). *The Debt to Asset Ratio* is calculated by the formula:

$$DTA = \frac{Total\ Debt}{Total\ Aset}$$

(Jonathan's dan Wijaya 2022)

Ineffective Monitoring (X2)

Ineffectiveness of monitoring is a situation of the company where there is no good internal control. This can occur due to the dominance of management by one person or small group, without compensation control, ineffective monitoring by the board of directors and the audit committee over the financial reporting process and internal control and the like. According to SAS no. 99, the small number of independent commissioners will have an impact on the lack of good monitoring. This can lead to the emergence of parties that dominate the company's management. Therefore, this study proposes ineffective monitoring on the ratio of the number of independent board of commissioners (BDOUT)

$$BDOUT = \frac{Independent\ Board\ of\ Commissioners}{Total\ Number\ of\ Board\ of\ Commissioners}$$

(Damayani, Wahyudi, dan Yuniartie 2019)

Auditor Change (X3)

The change of auditor is interpreted as the company's desire to replace a public accounting firm. The change of auditor is also considered an effort to eliminate traces of fraud that have been indicated by the previous auditor (Skousen et al., 2015). Rationalization can be measured using changes in public accounting firms (Skousen et al., 2015). Therefore, changes in KAP are measured using a dummy variable, given code 1 if the company changes the KAP and if it does not change the KAP is given code 0

Collusion (x4)

Collusion can be measured by the cooperation between private companies and government projects and proves that the acquisition of cooperation with government projects will give rise to the company's efforts to display good financial performance so that it is approved to obtain cooperation with government projects. Collusion can be calculated using dummy variables. If it is found that the company has collaborated or financed government projects during the 2019-2022 period, it will be given code 1 and if the company does not have cooperation with government projects during the 2019-2022 period, it will be given code 0.

Data Analysis Methods

The data analysis method used in this study is quantitative data analysis. The quantitative approach involves the use of numbers, statistical calculations, as well as various other analytical tools to test hypotheses. This process begins with the collection of representative data from the research sample, which is then processed using SPSS (Statistical Package for Social Science) software version 26 of 2020. The results of the data processing will be presented in the form of tables, graphs, and conclusions that are useful in making decisions based on analysis. Quantitative analysis is carried out by quantifying research data to produce relevant information. The data analysis techniques used in this study include descriptive statistics and multiple linear regression. The stages of data analysis methods and techniques are carried out systematically according to the needs of the research.

Descriptive Statistics

Descriptive statistics are descriptions of data seen from mean values, standard deviations, variances, maximum, and minimum (Ghozali, 2021). Minimum is used to find out the smallest amount of data in question. Maximum is used to find out the largest amount of data in question.

Classical Assumption Test

Classical assumption testing is necessary to detect the presence or absence of classical assumption deviations over the multiple regression equations used. This test consists of a normality test for The normality test aims to test whether in the regression model there are perturbrating variables or whether the residual values are normally distributed or not, the multicoloniality test to test whether the regression model finds a correlation between independent variables, autocorrelation The autocorrelation test aims to test whether in the linear regression model there is a correlation between the perturbator error in the t-period and the error perturbators in the period t -1 (previously), and heteroscedasticity aims to test whether in the regression model there is an unevenness of variance from the residual of one observation to another. If the variance from the residual of one observation to another is fixed.(Bhernadha, 2016)

Multiple Linear Analysis

Testing of H1, H2, H3 and H4 using multiple linear regression analysis. In this study, SPSS26 software was used to predict the relationship between independent variables and dependent variables. The relationship between indications of financial statement fraud and external pressure, ineffectiveness of monitoring, auditor turnover, and collusion was tested using the following regression model:

$$\mathbf{Y = \alpha + ß1X_1 + ß2X_2 + ß3X_3 + ß4X_4 + Ɛ}$$

Information:

Y = indication of financial statement fraud

a = Konstanta

ß1,2,3,4 = Regression coefficient of each proxy

X1 = External Pressure

X2 = Ineffective Monitoring

X3 = Auditor Change

X4 = Collusion

Ɛ = Error

Hypothesis Testing

Statistical Test T

The statistical t-test basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable (Ghozali, 2021) The t-test is used to find out whether or not there is a significant influence of each independent variable on the dependent variable which can be known by comparing its significance value with the degree of confidence. The t-test was also carried out by comparing the calculated t-value with the t-table with the value of the *level of significance* used in this study was 5%.

Coefficient of Determination (R2)

The determination coefficient (R2) essentially measures how far the model is able to explain the variation of independent variables (Ghozali, 2021). The value of the coefficient of determination is between zero and one. A small R2 value means that the ability of independent variables to explain the variation of dependent variables is very limited. A value close to one means that the variables – independent variables provide almost all the information needed to predict the variation of independent variables (Ghozali, 2021)

RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive statistics display a summary of the research results for each variable, both free and boundary, which includes minimum, maximum, mean, and standard deviation values from the 2019-2022 period. The results of the statistical analysis of all these variables are as follows:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Dev.
Financial Statement Fraud	104	-8.53	55.96	7.603	5.27476
External Pressure	104	.04865	2.41844	.5746372	.4344859
Ineffective Monitoring	104	.17	.75	.4138	.09938
Valid N (listwise)	104				

Tabel 1: *Descriptive Statistics*

It can be seen that the Financial Statement Fraud variable has a total of data (N) 104 with a minimum value of -8.53 and a maximum value of 55.96 while the mean value *is* 7.6030, so the standard number of definitions is 5.274776. The external pressure variable with the sum of data (N) 104 with a minimum

value of 0.04865 and the maximum value of 2.41844 with an average value of 0.5746372 then the definition standard is obtained is 0.43448559 The Ineffective Monitoring Variable has a total of data (N) 104 with a minimum value of 0.17 and a maximum value of 0.75 while the mean value *is* 0.4138, then the standard number of divisions is 0.09938.

Change of Auditor					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Change	9	8.7	8.7	8.7
	No Change	95	91.3	91.3	100.0
	Total	104	100.0	100.0	
Total		104	100.0		

Tabel 2: *Frequency of Auditor Turnover*

Based on the table above, it can be seen that the independent variable (X4) of the replacement of the majority of auditors, does not replace the auditor compared to replacing the auditor. The findings were obtained as many as 95 or 91.3% of companies did not replace auditors while 9 or 8.7% of companies changed auditors.

Collusion					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Collaborating with Government Projects	47	45,2	45,2	45,2
	Not Collaborating with Government Projects	57	54,8	54,8	100,0
	Total	104	100.0	100.0	
Total		104	100.0		

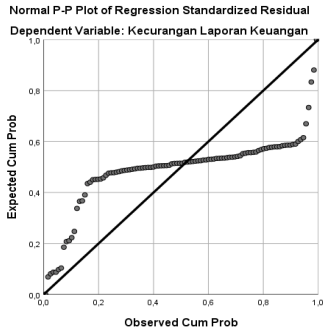
Tabel 3: *Frequency of Collusion*

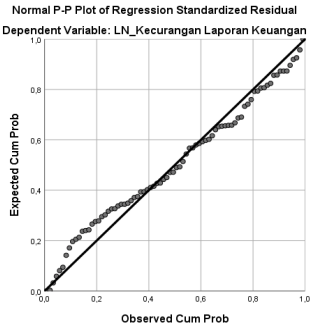
Based on the table above, it can be seen that companies that do not cooperate with government projects as much as 54.8% are inversely proportional to companies that cooperate with government projects as much as 45.2%. These results prove that companies *that go public* listed on the Indonesia Stock Exchange (IDX) in the 2019-2022 period have some companies that collaborate with government projects and some companies that do not collaborate with government projects.

Normality Test

Statistical analysis needs to be done to ascertain whether the data has a normal distribution. To reinforce the assumption of normality, the researchers used the Kolmogorov-Smirnov non-parametric statistical test. In this study, outlier data was deleted to obtain data that met normality. According to (Ghozali,

2021), an outlier is data that has unique characteristics and is different from other data, and has an extreme value of a variable. After the deletion of outlier data, the number of samples in this study was reduced to 20, so that the total sample used was 80 samples. Before the elimination, the number of samples was 104.





Before Outlier After Outlier

Figure 1: P-Plot Normality Test Results

Based on **Figure 1**, before the deletion of the outlier data, the studied data did not show a normal distribution due to its position far from the diagonal line. However, after the outlier data were removed, the data in this study showed a normal distribution and were scattered around the diagonal line.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		104
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	4.88682437
Most Extreme Differences	Absolute	.335
	Positive	.335
	Negative	-.280
Test Statistic		.335
Asymp. Sig. (2-tailed)		.000[c]

Tabel 4: Result of the normality test before the outlier

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	80

Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.08909092
Most Extreme Differences	Absolute	.093
	Positive	.068
	Negative	-.093
Test Statistic		.093
Asymp. Sig. (2-tailed)		.081[c]

Tabel 5*:* Results of the Normality Test After Outlier

Based on the results **of Table 4** before the deletion of the outlier data, the Asymp. Sig. (2-tailed) value of 0.000c which is lower than 0.05, indicates that the data is not normally distributed. However, **Table 5** shows that after the deletion of the outlier data, the Asymp. Sig. (2-tailed) value of 0.081c, which is higher than 0.05, indicates that the data is now normally distributed.

Multicolonarity Test

Multicollinearity does not occur when the *tolerance value* is above 0.1 or the VIF value is below 10. With all regression assumptions fulfilled, the resulting model is considered good to involve the influence between variables.

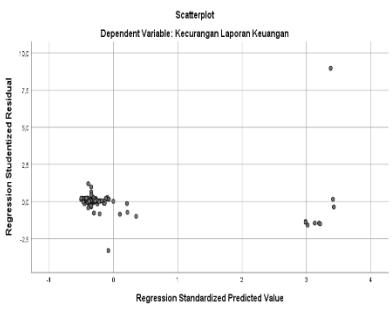
Model		Collinearity Statistic	
		Tolerance	**VIF**
1	External Pressure (x1)	0,896	1,116
	Ineffective Monitoring (X2)	0,831	1,204
	Auditor Change(X3)	0,944	1,060
	Collusion (x4)	0,848	1,179

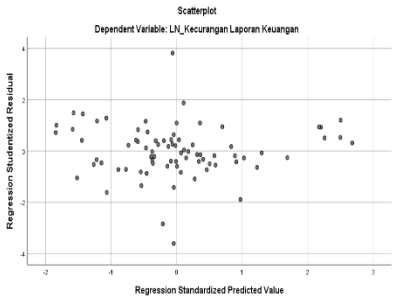
Tabel 6: Multicolonnalarity Test Results

Based on **table 6** above, it can be seen that the *tolerance value* of the four variables is greater than 0.1 while the VIF value is less than 10, so it can be said that the data does not have multicorlinearity in the regression model.

Heterokedasticity Test

This test aims to determine whether there is a residual variance inequality between one observation and another observation in the regression model. In this study, the heteroscedasticity test was carried out using the scatterplot chart method.





Before Outlier After Outlier

Figure 2: *Graphics Scatterplot*

Based on **Figure 2**, before the deletion of the outlier data, the dots on the graph were not evenly distributed and showed a pattern that did not widen, and being at a certain point indicated heteroscedasticity. However, Figure 3 after the deletion of the outlier data shows that the dots are spread out randomly. Therefore, it can be concluded that there is no heteroscedasticity problem in the research model, so the model can be used.

Autocorrelation Test

The autocorrelation test is a test of assumptions in multiple regressions where the dependent variable does not correlate with the variable itself. The existence of autocorrelation means that there is an error in the disturbance of the period t with the error in the period t-1 (the previous period). To test for the existence of autocorrelation in a regression mode, the Durbin Watson test can be used.

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.376[a]	.142	.107	4.98457	2.385

Tabel 7: Autocorrelation Test Results before Outlier

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.403[a]	.163	.118	.09144	2.107

Tabel 8: Autocorrelation Test Results after Outlier

Hypothesis Test Results

The results of the multiple linear regression analysis can be seen in the following table:

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.878	.050		37.659	.000
	External Pressure	.135	.040	.377	3.377	.001

	Ineffective Monitoring	.056	.109	.060	.517	.606
	Change of Auditor	-.015	.040	-.041	-.378	.706
	Collusion	.015	.022	.079	.685	.495
a. Dependent Variable: Financial Statement Fraud						

Tabel 9: *Hypothesis Test Results*

Based on **Table 9**, it is stated that external pressure affects financial statement fraud, which is accepted. This is based on the t-test stating that the value of External Pressure on Financial Statement Fraud has a t-value of 3.377 > t table 1.992 with a significant value of 0.001 < 0.05, then it can be concluded that external pressure has an effect on financial statement fraud. This is in line with research conducted (Damayani et al., 2019), (Oktavia et al., 2022), (Sihombing & SM, 2017), and (Jannah & Rasuli, 2021) where according to the Fraud Hexagon Theory (Vousinas, 2019), external pressures faced by managers, such as the obligation to pay corporate debts, can encourage financial statement fraud. Managers may manipulate financial statements to maintain their and the company's image in the eyes of creditors as well as users of financial statements. The results of this study show that external pressure, especially related to financial obligations, has a significant effect on financial statement fraud. Management often manipulates by increasing revenue and reducing expenses to display better reports, even though such actions have the potential to harm the company's financial condition in the long run.

Based on **Table 9**, it is stated that Ineffective Monitoring has an effect on financial statement fraud, but it is not successfully accepted. This is based on the t-test stating that the value of Ineffective Monitoring of Financial Statement Fraud has a t-value of 0.517 < t table 1.992 with a significant value of 0.606 > 0.05, so it can be concluded that ineffective monitoring has no effect on financial statement fraud. In line with the research conducted (Fabiolla et al., 2021), (Utami et al., 2022), and (Afdal & Yeasy, 2021) where the number of independent boards of commissioners in the company's internal monitoring has no effect on the monitoring of management performance, because in management monitoring the main thing is the effectiveness of the performance of the board of commissioners. It can be interpreted that basically independent commissioners in terms of the number in the company are just to be able to meet the requirements and regulations that have been set by the OJK (Financial Services Authority) to carry out GCG *(good corporate governance)* which can prevent misrepresentation of financial reporting by stipulating a rule that the company must have at least 30 percent of the total board of commissioners. Therefore, it can be concluded that the number of independent board of commissioners does not affect or is not related to the management in committing financial statement fraud. to the integrity of all members of the Board of Directors.

Based on **Table 9**, it is stated that the change of auditor has an effect on the indication of fraud in financial statements, which was successfully accepted. This is based on the t-test stating that the value of industrial conditions for Financial Statement Fraud has a t-value of -0.378 < t table 1.992 with a significant value of 0.706 > 0.05, so it can be concluded that the change of auditor has no effect on financial statement fraud. This is in line with the research conducted (Regina Aprilia, 2017), (Sagala & Siagian, 2021), and (Nurhasanah et al., 2022) where the Company that replaces the auditor because it aims to comply with the regulations that have been stipulated by the Ministry of Finance of the Republic of Indonesia Number 17/PMK.01/2008 article 3 paragraph 1 which states that the provision of general audit services on the financial statements of an entity as referred to in Article 2 paragraph (1) letter a is carried out by the KAP

for a maximum of 6 (six) consecutive financial years and by a Public Accountant for a maximum of 3 (three) consecutive financial years, in addition, of course, all auditors will continue to maintain their integrity as auditors who comply with the applicable accounting standards so that there is no influence of auditor replacement with financial statement fraud. The change of auditor is also not necessarily carried out by the decision of a manager but also by the decision of the shareholders or commissioners who have a decision to change the auditor.

Based on **Table 9**, collusion affects financial statement fraud, it turns out that it was not accepted. This is based on the t-test stating that the value of collusion against Financial Statement Fraud has a t-value of 0.685 < t table 2.030 with a significant value of 0.495 > 0.05, so it can be concluded that collusion has no effect on financial statement fraud. This is in line with the research that has been conducted (Lastanti et al., 2022), (Ramadhaniyah et al., 2023), and (Oktavia et al., 2022) stating that collusion has no effect on financial statement fraud. Cooperation with the government tends to be influenced by political elements, but in its implementation it must still be carried out with existing procedures and with the regulations that have been set, of course, the companies that have been selected To carry out the project, the government has passed the qualification stage and meets the criteria so that the company can trust in carrying out its duties on the project that has been given, so that it does not give room to fraudsters and can prevent these fraudulent acts. Cooperation with government projects is not necessarily the cause of financial statement fraud. Collusion measured by a company-government cooperation project does not indicate that the company committed fraud in its financial statements.

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

This study can be concluded from the sample of the companies included in this study, namely, mining and real estate and property companies listed on the Indonesia Stock Exchange with a total initial sample of 104 samples, after the initial test on the classical assumption test could not meet the basic assumptions of the classical assumption test, then the data outlier was carried out.has unique characteristics and is different from other data, and has an extreme value of a variable removed from existing data. So after outlier data by excluding 6 companies that were included in the research sample, the total sample became 80 and at the time of the classical assumption test produced data that met the basic assumptions of the classical assumptions. After the existing data meets the basic assumptions of the classical assumptions, hypothesis testing is carried out, and it can be found that external pressure has an influence on financial statement fraud. Meanwhile, ineffective monitoring, auditor replacement, and collusion have no effect on financial statement fraud.

Based on the results of this study, the results state that external pressure can affect financial statement fraud. Therefore, it is hoped that the company's management can consider for the future in taking the right steps in presenting financial statements to avoid misstatements in the process of preparing financial statements so that they can produce quality financial reports. For companies, they can utilize the information and results obtained in this study as one of the sources of information that can help in making decisions in the company, especially regarding the integrity of financial statements that can be done in the company to improve the company's performance and prospects in the future.

There are limitations in this study that can also affect the results of existing research, namely: 1) this research was carried out only in a period of 4 years from 2019 to 2022. 2) The sample in this study only uses 2 companies, namely mining and real estate and property. 3) only using a few variables that can detect financial statement fraud, so that it can affect the results of the study. The suggestions that I want to

convey based on the results of the author's analysis during this research are: 1) the year of the observation period is added so that it can produce better research results. 2) using a sample of companies other than mining and real estate and property listed on the Indonesia Stock Exchange (IDX) and can add other sectors. 3) using other variables that can detect financial statement fraud other than those contained in this study, in order to get more detailed results such as industrial conditions, financial stability, financial targets.

REFERENCE

ACFE, O. (2022). *Occupational Fraud 2022 :*

Afdal, D. D. H., & Yeasy, D. (2021). *Pengaruh Financial Stability, External Pressure, Ineffective Monitoring Terhadap Kecurangan Laporan Keuangan Pada Sub Sektor Asuransi*. 2–4. http://repo.bunghatta.ac.id/5597/

Bhernadha, Y. A. (2016). *Pengaruh Corporate Social Responsibility terhadap Kinerja Keuangan Perusahaan (Studi pada Perusahaan Winner of Sustainability Reporting Awards (SRA) 2015 ….* *44*(1). http://repository.ub.ac.id/118402/

Crowe, J. (2012). *of Shareholder Liability for Corporate Wrongs*. *75*(2), 159–179.

Damayani, F., Wahyudi, T., & Yuniartie, E. (2019). Pengaruh Fraud Pentagon Terhadap Kecurangan Laporan Keuangan Pada Perusahaan Infrastruktur Yangterdaftar Di Bursa Efek Indonesiatahun 2014 – 2016. *AKUNTABILITAS: Jurnal Penelitian Dan Pengembangan Akuntansi*, *11*(2), 151–170. https://doi.org/10.29259/ja.v11i2.8936

Damayanti, R. E., & Suryani, E. (2019). Pengaruh financial stability, tekanan eksternal, ineffective monitoring dan opini audit terhadap indikasi kecurangan laporan keuangan (studi pada perusahaan manufaktur sektor industri dasar dan kimia yang terdaftar di Bursa Efek Indonesia tahun 2013-2017). *E-Proceeding of Management*, *6*(2), 3141–3147.

Fabiolla, R. G., Andriyanto, W. A., & Julianto, W. (2021). Pengaruh Fraud Pentagon Terhadap Fraudulent Financial Reporting. *Konferensi Riset Nasional Ekonomi, Manajemen, Dan Akuntansi*, *2*, 981–995.

Ghozali, I. (2021). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26 Edisi 10.* Badan Penerbit Universitas Diponegoro.

IAPI. (2021). Standar Audit 240 (Revisi 2021) Tanggung Jawab Auditor Terkait dengan Kecurangan dalam Suatu Audit atas Laporan Keuangan. *Standar Profesional Akuntan Publik*, *240*(Revisi), 55–82.

Idris, M., & Rakhma, S. (2020). *Jejak Hitam PT Hanson International, Manipulasi Laporan Keuangan 2016*. Kompas.Com. https://money.kompas.com/read/2020/01/15/160600526/jejak-hitam-pt-hanson-international-manipulasi-laporan-keuangan-2016?page=all

Jannah, V. M., & Rasuli, M. (2021). *Pendekatan Vousinas Fraud Hexagon Model dalam Mendeteksi Kecurangan Pelaporan Keuangan*. *4*(1), 1–16.

Jensen, M. C., & Meckling, william H. (1976). THEORY OF THE FIRM: MANAGERIAL BEHAVIOR, AGENCY COSTS AND OWNERSHIP STRUCTURE. *Human Relations*, *72*(10), 1671–1696. https://doi.org/10.1177/0018726718812602

Jonathan's, R. J., & Wijaya, T. (2022). Pengaruh Stabilitas Keuangan, Kondisi Industri, Dan Tekanan Eksternal Terhadap Kecurangan Laporan Keuangan Pada Perusahaan Manufaktur Yang Terdaftar Di BEI Tahun 2018-2020. *Publikasi Riset Mahasiswa Akuntansi*, *3*(2), 86–100. https://doi.org/10.35957/prima.v3i2.2488

Lastanti, H. S., Murwaningsari, E., & Umar, H. (2022). the Effect of Hexagon Fraud on Fraud Financial Statements With Governance and Culture As Moderating Variables. *Media Riset Akuntansi, Auditing*

& Informasi, *22*(1), 143–156. https://doi.org/10.25105/mraai.v22i1.13533

Lionny Mutia Ayuningrum, Yetty Murni, & Shinta Budi Astuti. (2021). Pengaruh Fraud Diamond Terhadap Kecurangan Dalam Laporan Keuangan Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ilmiah Akuntansi Pancasila (JIAP)*, *1*(1), 1–13. https://doi.org/10.35814/jiap.v1i1.2023

Nurhasanah, S., Purnamasari, P., & Hartanto, R. (2022). Pengaruh Fraud Triangle Theory terhadap Kecurangan Laporan Keuangan dengan Komite Audit sebagai Variabel Moderasi. *Bandung Conference Series: Accountancy*, *2*(2), 1040–1048. https://doi.org/10.29313/bcsa.v2i2.2910

Oktavia, S., Bahari, A., & Kartika, R. (2022). *Pengaruh Elemen Fraud Hexagon Theory Terhadap Fraud Laporan Keuangan*. *12*(2). https://doi.org/10.37859/jae.v12i2.4207

Pratiya, M. A. M., & Susetyo, B. (2018). Pengaruh Stabilitas Keuangan, Target Keuangan Tingkat Kinerja, Rasio Perputaran Aset, Keahlian Keuangan Komite Audit, dan Profitabilitas Terhadap Fraudulent Financial Statement. *Permana : Jurnal Perpajakan, Manajemen, Dan Akuntansi*, *10*(2), 257–272. https://doi.org/10.24905/permana.v10i2.86

Putra, O. A., & Lestanti, H. S. (2023). *Pengaruh Fraud Hexagon Model Terhadap Kecurangan Laporan Keuangan*. *1*(4).

Ramadhaniyah, R., Meiliana, R., Caniago, I., & Darmawam, J. (2023). *Pengaruh Rasionalisasi , Arogansi dan Kolusi terhadap Kecurangan Laporan Keuangan*.

Regina Aprilia. (2017). PENGARUH FINANCIAL STABILITY, PERSONAL FINANCIAL NEED, INEFFECTIVE MONITORING, CHANGE IN AUDITOR DAN CHANGE IN DIRECTOR TERHADAP FINANCIAL STATEMENT FRAUD DALAM PERSPEKTIF FRAUD DIAMOND (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Ef. *JOM Fekon*, *4*(1), 1472–1486. https://media.neliti.com/media/publications/128538-ID-pengaruh-financial-stability-personal-fi.pdf

Sagala, S. G., & Siagian, V. (2021). Pengaruh Fraud Hexagon Model Terhadap Fraudulent Laporan Keuangan pada Perusahaan Sub Sektor Makanan dan Minuman yang Terdaftar di BEI Tahun 2016-2019. *Jurnal Akuntansi*, *13*(2), 245–259. https://doi.org/10.28932/jam.v13i2.3956

Sari, S. P., & Nugroho, N. K. (n.d.). *Financial Statements Fraud dengan Pendekatan Vousinas Fraud Hexagon Model : Tinjauan pada Perusahaan Terbuka di Indonesia*. 409–430.

Sihombing, P. H. I., & SM, G. (2017). Pengaruh Stabilitas Keuangan Dan Tekanan Eksternal Terhadap Kecurangan Laporan Keuangan. *Competitive Jurnal Akuntansi Dan Keuangan*, *1*(2), 51–57.

Skousen, C. J. (1953). *DETECTING AND PREDICTING FINANCIAL STATEMENT FRAUD: THE EFFECTIVENESS OF THE FRAUD TRAINGLE AND SAS No. 99*. *99*, 53–81. http://ssrn.com/abstract=1295494Electroniccopyavailableat:https://ssrn.com/abstract=1295494Electroniccopyavailableat:http://ssrn.com/abstract=1295494Electroniccopyavailableat:https://ssrn.com/abstract=1295494

Skousen, C. J., Smith, K. R., & Wright, C. J. (2015). Article information : Earnings management behaviour of Shariah-compliant firms and non-Shariah- compliant. In *Journal of Islamic Accounting and Business Research* (Vol. 6, Issue 2).

Smulowitz, S., Becerra, M., & Mayo, M. (2019). Racial diversity and its asymmetry within and across hierarchical levels: The effects on financial performance. *Human Relations*, *72*(10), 1671–1696. https://doi.org/10.1177/0018726718812602

Tiapandewi, N. K. Y., Suryandari, N. N. A., & Susandya, A. A. P. G. B. A. (2020). Dampak Fraud Triangle Dan Komite Audit Terhadap Kecurangan Laporan Keuangan. *Jurnal Kharisma*, *2*(2), 156–173.

Utami, D., Azari, C., & Bara, Y. (2022). Pengaruh Good Corporate Governance Dan Leverage Terhadap

Kinerja Keuangan Perusahaan Sub Sektor Makanan Dan Minuman. *Aplikasi Administrasi: Media Analisa Masalah Administrasi*, *23*(2), 1. https://doi.org/10.30649/aamama.v23i2.132

Vousinas, G. L. (2019). Advancing theory of fraud: the S.C.O.R.E. model. *Journal of Financial Crime*, *26*(1), 372–381. https://doi.org/10.1108/JFC-12-2017-0128

Wolfe, D. T., & Hermanson, D. R. (2004). The FWolfe, D. T. and Hermanson, D. R. (2004) 'The Fraud Diamond : Considering the Four Elements of Fraud: Certified Public Accountant', The CPA Journal, 74(12), pp. 38–42. doi: DOI:raud Diamond : Considering the Four ElemWolfe, D. T. and Hermanson, D. R. *The CPA Journal*, *74*(12), 38–42.