IQTISHADUNA Jurnal Ekonomi & Keuangan Islam

Iqtishaduna, Vol. 14 No. 2 December 2023

pISSN 2087 9938 | eISSN 2655 9714

online:**https://journal.uinmataram.ac.id/index.php/iqtishaduna**

THE INFLUENCE OF FINANCIAL TARGET, INEFFECTIVE MONITORING, RATIONALIZATION AND DUALISM POSITION ON THE FRAUDULENT FINANCIAL STATEMENT WITH A AUDIT COMMITTEE AS A MODERATION ISLAMIC COMMERCIAL BANKS IN INDONESIA PERIOD 2015 – 2021

Sahid Alfi Sahri[1] Anton Bawono[2]
[1]Universitas Islam Negeri Salatiga (UIN Salatiga)
[2]Universitas Islam Negeri Salatiga (UIN Salatiga)
alfisahids21@gmail.com

Abstract

This study has the intention to find out how the influence of financial target, ineffective monitoring, rationalization and dualism position on fraudulent financial statement with audit committees as a moderating variable in islamic commercial bank in Indonesia. In the research that has been carried out, the method used is quantitative by processing panel data obtained from the annual report for each islamic commercial bank. After conducting the test, the result obtained that the financial target variable has positive but not significant (no effect) on fraudulent financial statement. Ineffective monitoring has a negative but not significant (no effect) on fraudulent financial statement. Rationalization has a negative and significant effect on fraudulent financial statement. Dualism position has a negative and significant effect on fraudulent financial statement. The audit committee has a negative and not significant (no effect) on fraudulent financial statement. The audit committe was unable to moderate the effect of financial target on fraudulent financial statement. The audit committee was unable to moderate the effect of ineffective monitoring on fraudulent financial statement. The audit committee is able to moderate the effect of rationalization on fraudulent financial statement. The audit committee is able to moderate the effect of dualism position on fraudulent financial statement fraud. In conclusion, financial target, ineffective monitoring, rationalization dan dualism position have no effect on fraudulent financial statement. The audit committe was unable to moderate financial target dan ineffective monitoring and other variable cannot be moderated by committee audit.

Keyword: *fraud triangle, dualism position, fraudulent financial statement*

INTRODUCTION

Financial report are a comunication tool between external parties, providing information about company activities within a certain period of time. By realizing the importance of the information contained in financial statement, management can be motivated to improv company performance and keep the company alive. Unfortunately, not all business owners understand the importance of clean and fraud-finanical reports (Yesiariani and Rahayu, 2017). A financial report can be used as a communication tool to convey information to the internal department of a company for a certain period of time. This financial information is used to make managerial decisions, assess operating performance, assess investment feasibility, assess debt values, calculate taxes, and perform all accounting functions (Pramurza, 2021).

According to *the Association of Certified Fraud Examiners* (ACFE), fraud is any action taken by an individual or group intentionally and against the law to achieve a goal. *Fraudulent financial statements* can occur if there is an act of presenting financial statements that is contrary to what is intentionally done by shareholders and other stakeholders (Christian and Veronica, 2022). Fraud in financial reporting is not a new phenomenon that is often found in groups. Interested groups in it feel disadvantaged by inaccurate information. Investors may feel more at a loss because the decisions they make are irrational and affect them because they do not benefit from the investments they make. Acts of fraud not only damage the form of cooperation between investors and management but can also destroy the value of the company itself. The greatest responsibility for creating an unfavorable situation for many parties is certainly considered to lie with top management. The audit process that has been running so far will of course also be questioned, including why the auditor, who should be able to check the materiality of information, fails to detect fraud (Chyntia Tessa and Puji, 2016).

According to ACFE (2014), fraudulent financial statements can be defined as fraud committed by management in the form of material misstatements in the financial statements, which can be detrimental to investors and creditors. This scam can be financial or non-financial. The ACFE divides fraud into three categories. Asset misuse is an act of theft, embezzlement, or misuse of company assets. 1) Misuse when this typology states that the financial statements presented do not show the truth. 2) Corruption is the most common type of fraud in the worlds of business and government. 3) Corruption is a type of fraud that is difficult to detect because it is carried out by one person involving another party. According to SAS No.99 in AICPA (2002), that fraudulent financial statement This can be accomplished in a variety of ways, such as by slightly altering the accounting records in existing financial reports. Deliberate mistakes are made in carrying out accounting principles related to nominal values and so on (Ayem and Wardani, 2023).

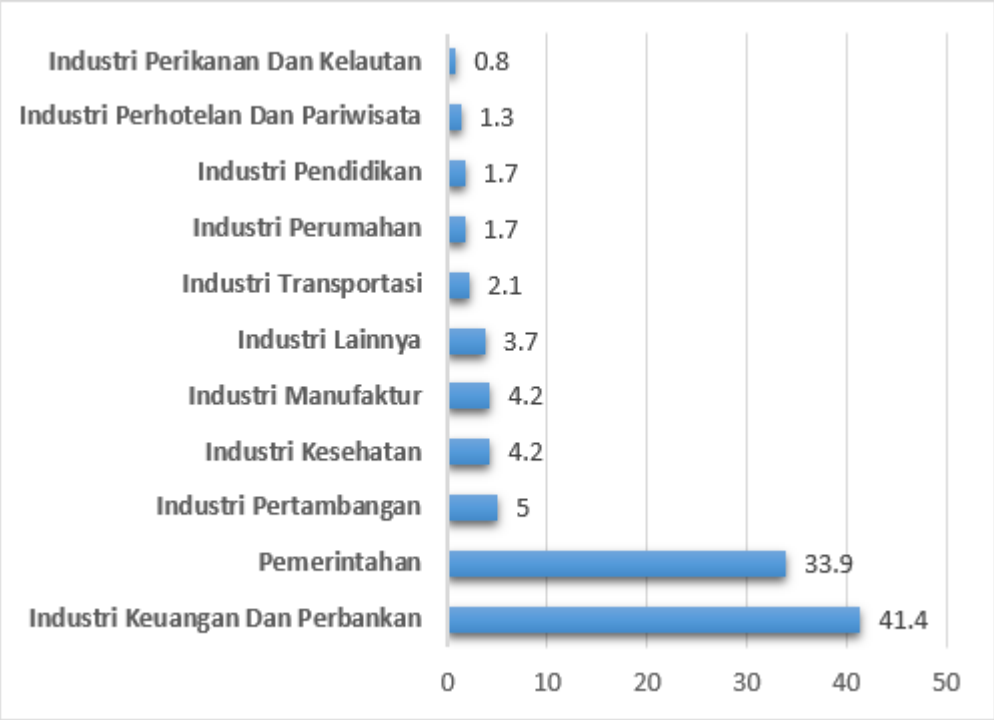
Fraud triangulation is a study that examines the reasons for the occurrence of fraud. This research was first proposed by Cressey (1953), commonly referred to as *the fraud triangle* or the illusory triangle. *Fraud triangle* it explains the three factors that are present in any fraud, which consist of pressure, opportunity, and rationalization (Murtanto, 2016). The pressure proxied by a financial target in this study is a goal or target set by the board of directors that places undue pressure on management, such as the goal of receiving bonuses from sales or profits. Pressure to meet financial targets can result in fraudulent financial reporting. *Return on assets* (ROA) is a tool to measure how much a company's assets have been used. ROA can also be used as a measure of manager performance, especially in relation to bonus increases. Furthermore, ROA

can be used to separate those who commit or do not commit fraud in a company (Septriani and Desi Handayani, 2018). Ineffective monitoring creates situations where someone can commit fraud or deception. This opportunity arose due to weak internal controls within the organization and management oversight (Mardiani, Sukarmanto and Maemunah, 2017). Meanwhile, rationalization is one of the important elements in the occurrence of fraud, where the perpetrator always seeks justification for his actions. Attitude or character is the cause of one or more individuals rationally committing acts of fraud (Murtanto, 2016). *Rationalization* makes someone who originally did not want to commit fraud want to commit fraud. According to Vermeer (2003), *rationalization* is the accrual principle related to decision-making by management (Yesiariani and Rahayu, 2017). Accrual values can be seen when subjective assessments and decisions are made by management (Agusputri and Sofie, 2019). A dual position holder is someone who works in two units, either the same or different ones. This dual position can lead to fraud if the person holding the task at the same time does not have the qualifications in accordance with the position, because the assignment of the task is given to the closest and meritorious person whose ability to hold the position cannot be ascertained (Made *et al*., 2022). The audit committee is a group of members of the board of directors who have duties and are responsible for helping the auditor maintain their independence. The audit committee has responsibility for the board of commissioners to assist in carrying out the duties and functions of the board of commissioners. The board of commissioners can appoint and dismiss members of the audit committee, which can be reported to the GMS (Mardiana and Jantong, 2020).

In practice, acts of fraud are committed not only by manufacturing companies and government agencies. As in banking, this fraudulent act cannot be avoided by the company. Islamic commercial banks are one of the banking companies that will be discussed in this study. A survey conducted by *the Association of Certified Fraud Examiners (*ACFE) in Indonesia in 2019 shows that the banking sector occupies the first position in cases of fraud compared to other sectors. This is also proof that it is true that in the banking sector there are indeed acts of fraud. The BSM case has internal implications for the bank, namely that it provided fake loans to BSM in Bogor in the amount of $102 billion to 197 fake customers. Other cases are BRI Syariah and Bank Mega Syariah, whose cases were exposed by the media in relation to gold pawning. Not only in Indonesia, the same thing happened in various other countries, such as Dubai *Islamic Bank* (1997), which lost about US$300 due to invalid reports from *the Bank of South Africa* (Biyantoro, 2019).

Figure 1.

Industry Of Victim Orgaizations



Source: Association Of Certified Fraud Examiner Indonesia (2019)

Research related to fraud and fraudulent financial statements has different results from previous studies. According to (Santoso, 2019) and (Vivianita and Indudewi, 2019) has different results from previous studies who stated in their research that *financial targets have a* positive and significant effect on fraudulent *financial statements.* However, it is different from what was done by (Apriliana and Agustina, 2017) and (Quraini and Rimawati, 2018) which stated that *financial targets had a* positive but not significant effect on fraudulent *financial statements.* Research conducted by (Agustina and Pratomo, 2019) and (Agusputri and Sofie, 2019) states that ineffective *monitoring has a* positive and significant effect on fraudulent *financial statements.* However, it is different from what was done by (Purba, 2019) and (Aminatun and Mukhibad, 2021) who said that ineffective *monitoring had a* negative but not significant effect on fraudulent *financial statements.* According to research conducted by (Rukmana, 2018) and (Yesiariani and Rahayu, 2017) state rationalization has a positive and not significant (no effect) effect on fraudulent *financial statements. However, (Nindito, 2018) and (Agusputri and Sofie, 2019) discovered contradictory research, claiming that rationalization has a negative and insignificant effect on fraudulent financial statements.* According to (Yasir, 2019) in his research, concurrent positions (the *dualism position)* have a negative and insignificant effect on fraudulent financial reporting. However,

research that was not aligned was found by (Harni, 2021) in his research, which *stated that dualism had a* positive and significant effect on fraudulent financial statements.

The effectiveness of fraud in detecting financial statement fraud still shows many differences, as can be seen from previous research. As a result of the various and inconsistent results, the researcher wishes to supplement previous research by including variables that have not been widely used, namely the dualism position and the audit committee as a moderating variable, in order to determine whether or not the audit committee is capable of strengthening fraud against fraudulent financial statements.

METHODOLOGY

The method used by researchers is a quantitative method. In this case, all the information used is a number that is evaluated statistically. Quantitative research is research where the problem is in the form of facts that emerge from a current population (Ayem and Wardani, 2023). *Annual report* BUS (2015 – 2021) is the type of data source used by researchers in this study.

Table 1. Sample and Data Source

No	Bank Name	Source
1	Bank Muamalat Indonesia	www.bankmuamalat.co.id
2	Bank Victoria Syariah	www.bankvictoriasyariah.co.id
3	Bank BRI Syariah / BSI	www.bankbsi.co.id
4	Bank BNI Syariah / BSI	www.bankbsi.co.id
5	Bank Syariah Mandiri / BSI	www.bankbsi.co.id
6	Bank Syariah Mega Indonesia	www.megasyariah.co.id
7	Bank Panin Syariah	https://paninbanksyariah.co.id
8	Bank Syariah Bukopin	www.kbbukopinsyariah.com
9	Bank BCA Syariah	www.bcasyariah.co.id
10	Bank Aladin	https://aladinbank.id
11	BTPN Syariah	www.btpnsyariah.com
12	BJB Syariah	www.bjbsyariah.co.id

The analytical tool used in this research is moderated regression analysis (MRA). The MRA method or test is a test used to see the relationship between independent variables and other independent variables.

RESULT AND DISCUSSION

A. Results

1. Descriptive Statistical Tes

Table 2 Descriptive Statistical Tes

	FFS	ROA	BDOUT	TATA	DP	KA
Mean	-0.039596	1.162778	0.687500	-0.015545	0.722222	3.875000
Median	-0.000168	0.735000	0.600000	-0.024256	1.000000	4.000000
Maximum	1.49E+08	13.60000	4.000000	0.913390	1.000000	8.000000
Minimum	-1.49E+08	-9.510000	0.200000	-0.469100	0.000000	2.000000
Std. Dev.	24960909	4.178881	0.433439	0.168584	0.451046	1.255271
Skewness	-8.92E-08	0.534417	6.313145	2.540765	-0.992278	0.968728
Kurtosis	36.00000	5.381662	48.80919	15.91376	1.984615	3.808477
Jarque-Bera	3267.000	20.44415	6773.716	577.7612	14.90840	13.22211
Probability	0.000000	0.000036	0.000000	0.000000	0.000579	0.001345
Sum	-2.850926	83.72000	49.50000	-1.119244	52.00000	279.0000
Sum Sq. Dev.	4.42E+16	1239.876	13.33875	2.017850	14.44444	111.8750
Observations	84	84	84	84	84	84

Source: Data processed with Eviews 12, 2023

Based on table 2, it can be explained that the FFS value has a minimum value of -1.49E+08 and a maximum value of 1.49E+08, the average value of FFS is -0.039596 with a standard deviation of FFS of 24960909. ROA has a minimum value of -9.510000 and a maximum value of 13.60000. The average value of ROA is 0.781667, with a standard deviation of 4.178881. BDOUT has a minimum value of 0.200000 and a maximum value of 4.000000, the average value of BDOUT is 0.687500, with a standard deviation of 0.433439. TATA has a minimum value of -0.469100 and a maximum value of 0.913390; the average value of TATA is -0.015545 with a standard deviation of 0.168584. DP has a minimum value of 0.000000 and a maximum value of 1.000000, the average value of DP is 0.722222 with a standard deviation of 0.451046. KA has a minimum value of 2.00000 and a maximum value of 8.00000; the average value of KA is 3.875000, and the standard deviation of KA is 1.255271.

2. Regression Test : MRA Test

Table 3 Regression Test Moderated Regression Analysis (MRA)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1860504.	711206.6	-2.615983	0.0226
D(ROA,2)	4358654.	6179488.	0.705342	0.4941
D(BDOUT,2)	-42929334	32547714	-1.318966	0.2118
D(TATA,2)	-6.68E+08	50426917	-13.24842	0.0000
D(DP,2)	-58639187	13705204	-4.278608	0.0011
D(KA,2)	-1653171.	2993932.	-0.552174	0.5910
D(ROA*KA,2)	-1039189.	1738335.	-0.597807	0.5611
D(BDOUT*KA,2)	8283521.	6597397.	1.255574	0.2332
D(TATA*KA,2)	2.28E+08	16382234	13.90688	0.0000
D(DP*KA,2)	15433679	3493872.	4.417357	0.0008
AR(1)	-0.428169	0.062693	-6.829653	0.0000
AR(2)	-0.323491	0.049344	-6.555832	0.0000
Weighted Statistics				
Root MSE	14654067	R-squared		0.957548
Mean dependent var	-9188063.	Adjusted R-squared		0.918633
S.D. dependent var	72092764	S.E. of regression		20723980
Sum squared resid	5.15E+15	F-statistic		24.60633
Durbin-Watson stat	1.875968	Prob(F-statistic)		0.000002

Source: Data processed with Eviews 12, 2023

Sourced in table 3, Common Effect Model is the chosen one with the equation form D(FFS,2) = α + β1*D(ROA,2) + β2*D(BDOUT,2) + β3*D(TATA,2) + β4*D(DP,2) + β5*D(KA,2) + β6*D(ROA*KA,2) + β7*D(BDOUT*KA,2) + β8*D(TATA*KA,2) + 9*D(DP*KA,2).

3. Statistik Test

a. Partial Test (T test)

This test is carried out to see the significance of individual parameters and is used to show how far the independent variables influence the dependent variable by assuming the other independent variables are constant. Below is a summary for the t test that has been carried out. ROA variable (X1) shows the value coefficient with the numbers 4358654 and prob* of 0.4941 (0.4941 > 0.05). These results explain that ROA (X1) has a positive but not significant (no effect) effect on FFS (Y). The BDOUT variable (X2) shows the value coefficient with numbers - 42929334 a probability (prob*) of 0.2118 (0.2118 > 0.05). These results explain that BDOUT (X2) has a negative but not significant (no effect) effect on FFS (Y). The TATA variable (X3) shows the value*coefficient* with numbers - 6.68E+08 and*prob** of 0.0000 (0.0000 <0.05) these results explain that TATA (X3) has a negative but significant effect on FFS (Y). The DP variable

(X4) shows the value coefficient with numbers - 58639187 a probability (prob*) of 0.0011 (value 0.0011 < 0.05). These results explain that DP (X4) has a negative and significant effect on FFS (Y). The KA(Z) variable represents the value*coefficient* with numbers - 1653171 and*prob** of 0.5910 (0.5910 > 0.05) these results explain that KA (Z) has a negative and insignificant (no effect) effect on FFS (Y). ROA variable (X1), which is moderated by KA (Z) shows value*coefficient* with the numbers -1039189 and a probability * of 0.5611 (0.5611 > 0.05 These results explain that ROA (X1) has a negative but not significant (no effect) relationship to FFS (Y) after being moderated by KA (Z). The BDOUT variable (X2), which is moderated by KA (Z), shows a value coefficient with the numbers 8283521 and a probability * of 0.2332 (0.2332 > 0.05). These results explain that BDOUT (X2) has a positive and insignificant relationship (no effect) with FFS (Y) after being moderated by KA (Z). The TATA variable (X3) which is moderated by KA (Z) shows the value*coefficient* with numbers 2.28E+08 and*prob** of 0.0000 (0.0000 <0.05) These results explain that TATA (X3) has a positive and significant relationship to FFS (Y) after being moderated by KA (Z). The DP variable (X4), which is moderated by KA (Z), shows the value coefficient with the numbers 15433679 and a prob* of 0.0008 (0.0008 < 0.05). These results explain that TATA (X4) has a positive and significant relationship to FFS (Y) after being moderated by KA (Z).

b. Simultaneous Significance Test (Test F)

The F statistic test is a test used to see the significance of the independent variable influencing the dependent variable. If the results obtained are < 0.05, it can be said that there is a relationship between the independent variable and the dependent variable. But, if it's the opposite, then there is no influence between the independent and dependent variables (Rianto*et al.*, 2021). Based on table 4.6 shows*coefficient f-statistic* with the numbers 24.60633 and*prob*(f-statistic)* with the number 0.000002. This means that ROA, BDOUT, TATA, and DP have a positive and significant effect on FFS.

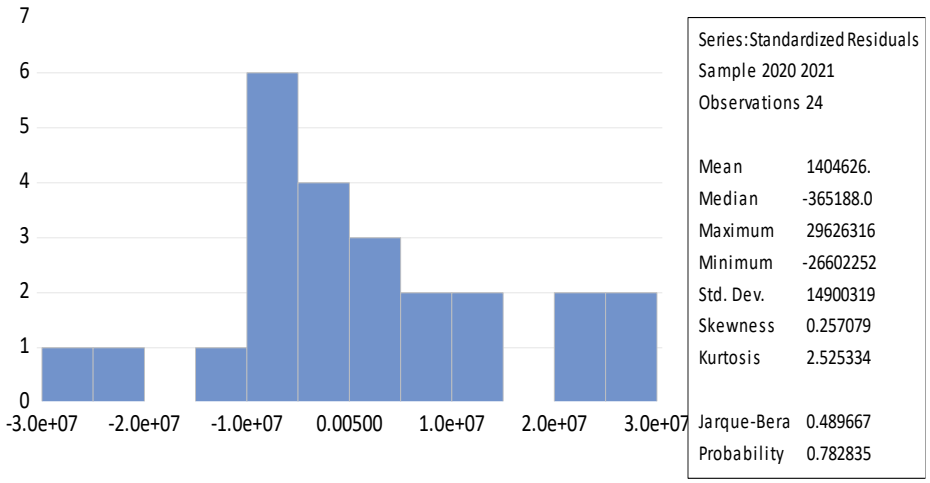
c. Uji R2 (Coefficient of Determination)

Based on table 3, shows the value of R2 with the number 0.957548. This means that 95.7% of the variation in the independent variable can explain the variation in the dependent variable. And for the remainder (4.3%), it is explained by the variation of variables outside the model.

4. Classic Assumption Test

a. Normality Test

Table 4 Normality Test



Source: Data processed with Eviews 12, 2023

The normality test is the test used to see whether the residual is normally distributed or not. One way to view normally distributed data is by testing the residual value with Jarque-*Bera*. Based on table 3, shows the value*Jarque-Bera* (JB) 0.489667 as well*prob** 0.782835. This means that the data can be said to be normal because prob* > 0.05.

b. Multicollinearity test

Table 5 Multicollinearity test

Persamaan	R^2	R^2 Utama	Kesimpulan
ROA	0.826138	0.957548	Tidak Terjadi Multikolinieritas
BDOUT	0.853614	0.957548	Tidak Terjadi Multikolinieritas
TATA	0.955292	0.957548	Tidak Terjadi Multikolinieritas
DP	0.658966	0.957548	Tidak Terjadi Multikolinieritas
KA	0.942989	0.957548	Tidak Terjadi Multikolinieritas
ROA*KA	0.877408	0.957548	Tidak Terjadi Multikolinieritas
BDOUT*KA	0.948235	0.957548	Tidak Terjadi Multikolinieritas
TATA*KA	0.942007	0.957548	Tidak Terjadi Multikolinieritas
DP*KA	0.785761	0.957548	Tidak Terjadi Multikolinieritas

Source: Data processed with Eviews 12, 2023

Based on 4.8 shows the value of R2 for each variable does not exceed the main R2. This means that the tested MRA test has no multicollinearity problems.

c. Autocorrelation Test

Table 6 Autocorrelation Test

Root MSE	14654067	R-squared	0.957548
Mean dependent var	-9188063.	Adjusted R-squared	0.918633
S.D. dependent var	72092764	S.E. of regression	20723980
Sum squared resid	5.15E+15	F-statistic	24.60633
Durbin-Watson stat	1.875968	Prob(F-statistic)	0.000002
		Unweighted Statistics	
R-squared	0.955996	Mean dependent var	-12393481
Sum squared resid	9.57E+15	Durbin-Watson stat	2.513427
Inverted AR Roots	-.21+.53i	-.21-.53i	

Source: Data processed with Eviews 12, 2023

Based on table 4.9, it shows the DW value with the number 1.875968 (k = 8, N = 84), then the results are obtained from 4 - dU = 2.142. Then the value obtained from Durbin-Watson is between dU < dw < 4-dU (1.8580 < 1.875968 < 2.142) this means that there is no autocorrelation.

d. Heteroscedasticity Test

Table 7 Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12235541	4022691.	3.041631	0.0088
D(ROA,2)	3418710.	6256954.	0.546386	0.5934
D(BDOUT,2)	15423135	64485142	0.239173	0.8144
D(TATA,2)	-5677290.	69274188	-0.081954	0.9358
D(DP,2)	-17887306	22278522	-0.802895	0.4355
D(KA,2)	1234043.	6863602.	0.179795	0.8599
D(ROA*KA,2)	-947030.5	1531435.	-0.618394	0.5462
D(BDOUT*KA,2)	-2841030.	12906332	-0.220127	0.8289
D(TATA*KA,2)	-611118.4	18273084	-0.033444	0.9738
D(DP*KA,2)	3372234.	4939850.	0.682659	0.5060

Source: Data processed with Eviews 12, 2023

Based on table 7, shows the value prob* of all variables exceed p – value. This means that there is no heteroscedasticity problem.

B. Discussion

Based on table 3 above, the description of each variable is as follows:

1. **Influence a financial target to make a false financial statement**

   Variable Financial Target has a coefficient value of 4358654 and a significance value of 0.4941, which is more than 0.05. This shows that Financial Target has a positive but not significant (no effect) effect on FFS (fraudulent financial statements). This shows that the size of the profitability targeted by a company will not affect the management's decision to prepare a fraudulent financial statement. There is no influence between ROA and FFS, maybe because agents think that the targets set by the company are still considered reasonable and achievable. Agents do not think that the target set by the company is difficult to achieve, so the size of the ROA determined by the company does not affect the likelihood of a fraudulent financial statement carried out by management (Mardiana and Jantong, 2020).

2. **Influence ineffective monitoring of fraudulent financial statements**

   The BDOUT variable (X2) shows the value coefficient with numbers (42929334) and a probability (prob*) of 0.2118 (0.2118 > 0.05). These results explain that BDOUT (X2) has a negative but not significant (no effect) effect on FFS (Y). This is due to a problem because the number of independent commissioners working in a company does not work effectively due to intervention, so the number of independent commissioners will not affect company performance due to a lack of objective control (Purba, 2019).

3. **Influence rationalization in relation to false financial statements**

   The TATA variable (X3) shows the value coefficient with numbers - 6.68E+08 and prob* of 0.0000 (0.0000 <0.05) these results explain that TATA (X3) has a negative but significant effect on FFS (Y). Management's efforts to justify the accountant's actions are carried out because the impact of these actions is intangible. For example, the utilization of everything contained in the financial statements Management can recognize income, but this income should not be recognized because it is considered intangible (Murtanto and Sandra, 2019).

4. **Duality Position Influence Fraudulent Financial Statement**

   The DP variable (X4) has a numerical value coefficient (58639187) and a probability (prob*) of 0.0011 (0.0011 0.05), indicating that DP (X4) has a negative and significant effect on FFS (Y).This is because it can cause the board of directors to be distracted and their work to be disrupted and ineffective. This will also create space and reproach that can be used to commit acts of fraud (Nugroho, Setiono, and Irsyadah, 2021). Furthermore, people who have the ability but lack the time are less focused on their position because it is ineffective and is one of the causes of fraud's influence (Made *et al.*, 2022).

5. **The influence of the audit committee on fraudulent financial statements**

The KA (Z) variable represents the value coefficient with numbers (-1653171) and a probability* of 0.5910 (0.5910 > 0.05), indicating that the KA (Z) variable has a negative and insignificant (no effect) effect on FFS (Y).This is because the addition of more audit committee members does not rule out the possibility of reducing the occurrence of financial reports in a company. This is also supported by Financial Services Authority regulation no. 55 (PJOK.04/2015), which states that a company must have an audit committee with at least three members, one of whom must be from within the company and the other two from outside (Handoko and Ramadhani, 2017).

6. **The Audit Committee's (KA) influence in moderating the financial target to a fraudulent financial statement**

   Variable ROA (X1) moderated by KA (Z) yields a value-coefficient of -1039189 and a prob* of 0.5611 (0.5611 > 0.05).These results explain why ROA (X1) has a negative but not significant (no effect) relationship to FFS (Y) after being moderated by KA (Z). Based on agency theory, information asymmetry between agents and principals often occurs. Therefore, the role of the audit committee in this case is to act as a mediator between the two in terms of their differences in interests. It is hoped that the existence of an audit committee can minimize the occurrence of fraud in financial reports (Mardiana and Jantong, 2020).

7. **The influence of the Audit Committee (KA) in moderating ineffective monitoring and fraudulent financial statements**

   The BDOUT variable (X2), which is moderated by KA (Z), shows a value coefficient with the numbers 8283521 and a probability * of 0.2332 (0.2332 > 0.05). These results explain that BDOUT (X2) has a positive and insignificant relationship (no effect) on FFS (Y) after being moderated by KA (Z). This is because the authorities have directed and supervised the process of appointing candidates for the board of commissioners and overseeing the implementation of the delegation's duties to ensure that the duties of the board run effectively. Directors and the board of directors have effective policies and procedures to prevent fraud (Siti, Bambang and Waskito, 2021).

8. **The influence of the Audit Committee (KA) in moderating the rationalization of fraudulent financial statements**

   TATA (X3) has a value coefficient of 2.28E+08 and a probability* of 0.0000 (0.0000 0.05) after being moderated by KA (Z), indicating that TATA (X3) has a positive and significant relationship to FFS (Y).This is because the existence of an audit committee can minimize the occurrence of fraud in financial reporting. To reduce the amount of fraud in a company,

this can be done by looking at the transactions that have been carried out and by reviewing the financial system by the audit committee (Imawan, 2020).

9. **The influence of the Audit Committee (KA) in moderating dualism in relation to fraudulent financial statements**

   The DP variable (X4), which is moderated by KA (Z), shows the value coefficient with the numbers 15433679 and prob* of 0.0008 (0.0008 0.05). These results explain that TATA (X4) has a positive and significant relationship to FFS (Y) after being moderated by KA (Z). This is because directors who hold multiple positions will trigger the concentration of power. The exercise of this power will encourage directors to prioritize their own interests and to believe that they have complete control over the company (Siddiq, Achyani and Zulfikar, 2017). The role of the audit committee is to assist in carrying out checks or investigations deemed necessary in carrying out the duties of the directors in managing the company (Yasir, 2019).

CONCLUSION

From the various tests that have been carried out, it can be concluded that the variables ROA and BDOUT and KA have no effect on FFS. However, the TATA and DP variables have an effect on FFS. Meanwhile, KA was unable to moderate ROA and BDOUT. However, KA was able to moderate TATA and DP. The hope of this research is to be able to provide information related to fraud to individual readers or writers, to be used as reference material for academics and to be used as reference material for other research and to add new variables for further research to make it better.

REFERENCES

Agusputri, H. and Sofie, S. (2019) 'Faktor - Faktor Yang Berpengaruh Terhadap Fraudulent Financial Reporting Dengan Menggunakan Analisis Fraud Pentagon', *Jurnal Informasi, Perpajakan, Akuntansi, Dan Keuangan Publik*, 14(2), pp. 105–124. doi: 10.25105/jipak.v14i2.5049.

Agustina, R. D. and Pratomo, D. (2019) 'Pengaruh Fraud Pentagon Dalam Mendeteksi Kecurangan Pelaporan Keuangan', *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 3(1), pp. 44–62. doi: 10.31955/mea.vol3.iss1.pp44-62.

Aminatun, S. and Mukhibad, H. (2021) 'Determinants Of Fraudulent Financial Statement On Islamic Banks In The Perspective Of Crowe's Fraud Pentagon Theory', *Gorontalo Accounting Journal*, 4(1), p. 69. doi: 10.32662/gaj.v4i1.1358.

Apriliana, S. and Agustina, L. (2017) 'The Analysis of Fraudulent Financial Reporting Determinant through Fraud Pentagon Approach', *Jurnal Dinamika Akuntansi*, 9(2), pp. 154–165. doi: 10.15294/jda.v7i1.4036.

Ayem, S. and Wardani, D. K. (2023) 'Al-Kharaj : Jurnal Ekonomi , Keuangan & Bisnis Syariah Pengaruh Fraud Pentagon terhadap Fraudulent Financial Al-Kharaj : Jurnal Ekonomi , Keuangan & Bisnis Syariah', 5(2), pp. 911–930. doi: 10.47467/alkharaj.v5i2.1355.

Biyantoro, A. (2019) 'Sharia Compliance and Islamic Corporate Governance', *Trikonomika*, 18(2), pp. 69–73. doi: 10.23969/trikonomika.v18i2.1465.

Christian, N. and Veronica, J. (2022) 'Dampak Kecurangan Pada Bidang Keuangan Dan Non-Keuangan Terhadap Jenis Fraud Di Indonesia', *Jurnal Riset Akuntansi Mercu Buana*, 8(1), pp. 91–102.

Chyntia Tessa, G. and Puji, H. (2016) 'Pengujian Teori Fraud Pentagon Pada Sektor Keuangan Dan Perbankan Di Indonesia', *Simposium Nasional Akuntansi*, pp. 1–21.

Handoko, B. L. and Ramadhani, K. A. (2017) 'Pengaruh Karakteristik Komite Audit, Keahlian Keuangan Dan Ukuran Perusahaan Terhadap Kemungkinan Kecurangan Laporan Keuangan [The Influence of Audit Committee Characteristics, Financial Expertise, and Company Size toward the Possibility of Financial Repo', *DeReMa (Development Research of Management): Jurnal Manajemen*, 12(1), p. 86. doi: 10.19166/derema.v12i1.357.

Harni, S. E. D. P. . R. Y. (2021) 'Jambi Accounting Review (JAR) The Effect Of Pentagon ' S Fraud In Detecting Financial Statement Fraud (Empirical Study On Companies Manufactures Listed In Idx 2015-2019) Pengaruh Fraud Pentagon Dalam Mendeteksi Financial Statement Fraud (Studi Empiri', *Jambi Accounting Review (JAR)*, 2(April), pp. 95–111.

Imawan, A. (2020) *Analisis Pengaruh Fraud Pentagon Terhadap Fraudulent Financial Reporting Dengan Komite Audit Sebagai Variabel Moderasi Pada Bank Umum Syariah Di Indonesia Periode Tahun 2014 – 2018*. UIN Salatiga.

Made, N. *et al.* (2022) 'Kecurangan Laporan Keuangan Ditinjau Dari Fraud', 4(2), pp. 147–156.

Mardiana, A. and Jantong, A. (2020) 'Peranan Komite Audit Dalam Hubungan Pressure Dan Financial Statement Fraud', *SEIKO: Journal of Management &* …, 3(3), pp. 14–30. Available at: https://journal.stieamkop.ac.id/index.php/seiko/article/view/723/0.

Mardiani, S., Sukarmanto, E. and Maemunah, M. (2017) 'Pengaruh Fraud Diamond Terhadap Pendeteksian Financial Statement Fraud dengan Komite Audit Sebagai Variabel Moderasi (pada Perusahaan Sub Sektor Farmasi yang Terdaftar di Bursa Efek Indonesia)', *Prosiding Akuntansi*, 3(2), pp. 476–484.

Murtanto, M. I. (2016) 'Analisa Pengaruh Faktor-Faktor Fraud Triangle Terhadap Kecurangan Laporan Keuangan Pada Perusahaan Property Dan', (2002), pp. 1–20.

Murtanto and Sandra, D. (2019) 'Pengaruh Fraud Diamond Dalam Mendeteksi Tingkat Accounting Irregularities Dengan Komite Audit Sebagai Variabel Moderating', *Media Riset Akuntansi, Auditing & Informasi*, 19, pp. 209–225. doi: 10.25105/mraai.v19i2.5320.

Nindito, M. (2018) 'Financial statement fraud: Perspective of the Pentagon Fraud model in Indonesia', *Academy of Accounting and Financial Studies Journal*, 22(3), pp. 1–9.

Pramurza, D. (2021) 'Analisis Pengaruh Fraud Diamond Dalam Mendeteksi Financial Statement Fraud Pada Perusahaansub Sektor Farmasi Di Bursa Efek Indonesia Tahun 2013-2018', 6(1), p. 1.

Purba, E. L. D. P. S. (2019) 'Analisis Fraud Diamond Dalam Mendeteksi Financial Statement Fraud: Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (Bei) Tahun 2016 – 2018', *Prosiding Seminar Nasional Cendekiawan*, 05(01), p. 2. doi: 10.25105/semnas.v0i0.5780.

Quraini, F. and Rimawati, Y. (2018) 'Determinan Fraudulent Financial Reporting Using Fraud Pentagon Analysis', *Journal of Auditing, Finance, and Forensic Accounting*, 6(2), pp. 105–114. doi: 10.21107/jaffa.v6i2.4938.

Rukmana, H. S. (2018) 'Determinan Fraud Diamond Dalam Mendeteksi Financial Statement Fraud dan Nilai Perusahaan', *Economicus*, 12(1), pp. 12–25.

Santoso, S. H. (2019) 'Pengaruh Financial Target, Ketidakefektifan Pengawasan, Perubahan Auditor, Perubahan Direksi Dan Arogansi Terhadap Kecurangan Laporan Keuangan Dengan Komite Audit Sebagai Variabel Moderasi', *Jurnal Magister Akuntansi Trisakti*, 6(2), pp. 173–200. doi: 10.25105/jmat.v6i2.5556.

Septriani, Y. and Desi Handayani, dan (2018) 'Mendeteksi Kecurangan Laporan Keuangan dengan Analisis Fraud Pentagon', 11(1), pp. 11–23. Available at: http://jurnal.pcr.ac.id.

Siddiq, R. F., Achyani, F. and Zulfikar (2017) 'Fraud Pentagon Dalam Mendeteksi Financial Statement Fraud', *Seminar Nasional dan the 4Th Call for Syariah Paper*, (ISSN 2460-0784), pp. 1–14. Available at: http://hdl.handle.net/11617/9210.

Siti, H., Bambang and Waskito, I. (2021) 'The Moderating Effect Of Audit Committee On The Prevention Of Financial Statement Fraud With Pentagon Fraud Analysis', *Jurnal Ilmu Sosial, Agama, Budaya, dan Terapan*, 1(1), pp. 14–28. Available at: http://ejournal.baleliterasi.org/index.php/kasta.

Vivianita, A. and Indudewi, D. (2019) 'Financial Statement Fraud Pada Perusahaan Pertambangan Yang Dipengaruhi Oleh Fraud Pentagon Theory (Studi Kasus Di

Perusahaan Tambang Yang Terdaftar Di Bei Tahun 2014-2016)', *Jurnal Dinamika Sosial Budaya*, 20(1), p. 1. doi: 10.26623/jdsb.v20i1.1229.

Yasir, H. F. R. R. N. (2019) 'Mekanisme Corporate Governance Sebagai Variabel Moderator', (1).

Yesiariani, M. and Rahayu, I. (2017) 'Deteksi financial statement fraud: Pengujian dengan fraud diamond', *Jurnal Akuntansi & Auditing Indonesia*, 21(1), pp. 49–60. doi: 10.20885/jaai.vol21.iss1.art5.