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The Influence of Accountant Professional Ethics, Good Corporate Governance, Forensic Audit to Eliminate Fraud and Improve Company Performance

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ABSTRACT: The purpose of this study is to determine, analyze the Influence of Accountant Professional Ethics, Good Corporate Governance, Forensic Audit to eliminate Fraud and improve Company Performance. The study was conducted using a qualitative method by conducting a Literature study, previous research and interviewing 10 Accounting Masters Students of Stie Yai Jakarta. And conducting triangulation stages with Forum Group Discussion (FGD), to align opinions. Conducting discussion analysis and finally drawing conclusions. The results are that Accountant Professional Ethics, Good Corporate Governance (GCG), Forensic Audit have an effect on eliminating Fraud and improving Company Performance.

KEYWORDS: Accountant Professional Ethics, GCG, Forensic Audit, Fraud and Company Performance.

I. BACKGROUND

Company performance will be better if existing fraud or cheating can be eliminated, reduced. Existing fraud can be reduced or eliminated by implementing good Good Corporate Governance, implementing good Accountant Professional Ethics, both from Business Accountants and Public Sector Accountants, KAP (Public Accounting Firm) and the existence of existing Forensic Audits. Organizations and institutions including private or government from the past until now continue to experience the impact of Fraud. According to the Association of Certified Fraud Examiners (ACFE) fraud consists of corruption, misuse of assets or manipulated reports. The WoldCom and Enron cases are examples of how many frauds have occurred abroad. The case of PT. Garuda Indonesia Tbk in Indonesia Violation of the code of ethics in the Enron, WoldCom cases and the case of buying and selling opinions by BPK auditors in Indonesia are serious violations (Badjuri 2010). Fraud that shows that good corporate governance is not running in the company. In addition, in Indonesia itself there have been several cases of Fraud, the last major one being the PT Case. Garuda Indonesia Tbk Business Accountants in the company have an important role in making financial reports. Financial reports made by an accountant must be accountable. Therefore, we are interested in researching "The Influence of Accountant Professional Ethics, Good Corporate Governance, Forensic Audit to Eliminate Fraud and Improve Company Performance.

Existing problems:

1) Can Accountant Professional Ethics eliminate, reduce Fraud.
2) Can Good Corporate Governance (GCG) eliminate, reduce Fraud.
3) Can Forensic Audit eliminate, reduce Fraud.
4) Can Fraud Elimination, reduction improve Company Performance.

II. THEORETICAL STUDY

A. Grand Theory.

1. **Agency theory**.

Agency theory or agency theory (Jensen and Meckling1976).

This theory explains that the separation between the owner (principal) and the manager (agent) of a company can cause agency problems.

2. **Stewardship theory.**

This theory was developed by Donaldson and Davis (1991) which describes a situation where management is not motivated by individual goals but rather directed at their main target results for the benefit of the organization.

B. Variable Theory.

1. Professional Ethics of Accountants.

Professional ethics of accountants is a set of values, principles, and moral standards that must be applied by accountants in carrying out their duties, including honesty, integrity, objectivity, and professionalism. According to Adji from IAMI (Indonesian Institute of Management Accountants), Professional Ethics of Accountants are the ethics adopted by Indonesian Accountants in carrying out their profession. Professional Ethics of Indonesian Accountants include 5 things, namely:

1) Integrity, having responsibility.
2) Objectivity, always acting objectively. T
3) Professional Care Competence, sese
4) Confidentiality, men
5) Professional Behavior.

The implementation of Professional Ethics of Accountants will in turn be able to reduce fraud in the Company. If the Fraud Level decreases, the Company's Performance will increase.

2. Good Corporate Governance (GCG).

According to the Cadbury Committee of the United Kingdom, GCG is a set of regulations that govern the relationship between shareholders, company management (managers), creditors, government, employees, and other internal and external stakeholders related to rights and obligations. According to BUMN GCG is a set of regulations that govern the relationship between shareholders, company management (managers), creditors, government, employees, and other internal and external stakeholders related to rights and obligations. GCG principles are principles applied by companies to maintain good corporate governance. GCG principles include:

1) Transparency,
2) Accountability,
3) Responsibility, 4) Independence, 5) Fairness.

While the GCG organs in the implementation of Good Corporate Governance (GCG), the main company organs are

1) General Meeting of Shareholders (GMS),
2) Board of Commissioners, and
3) Board of Directors, each of which has a clear role and responsibility to ensure the company runs according to GCG principles.

Supporting organs for Good Corporate Governance (GCG) include:

1) Audit Committee, Nomination and Remuneration Committee, Risk Management Monitoring Committee,
2) Corporate Secretary, and
3) Internal Supervisory Unit (SPI) which assists the Board of Commissioners and Directors in carrying out the company's supervisory and management functions.

Benefits of GCG:

1) Improvement of Company Performance. Good GCG creates a transparent and efficient decisionmaking process, which in turn improves the company's financial and operational performance.
2) Operational Efficiency. The implementation of GCG encourages operational efficiency and service to stakeholders, such as shareholders, employees, and customers.
3) Investor Trust. Strong GCG increases investor confidence, making it easier for companies to obtain financing and capital.
4) Strengthening Company Image. The implementation of good GCG improves the company's image in the eyes of the public, which has a positive impact on relations with stakeholders and the company's competitiveness.
5) Increased Accountability. GCG encourages company accountability, both to shareholders, employees, and the wider community.
6) Prevention of Legal Risk. The implementation of good GCG helps prevent abuse of authority and violations of the law, thereby reducing legal risk for the company.

Ultimately, the implementation of good GCG will reduce the level of fraud in the Company, in turn increasing Company Performance.

3. Forensic Audit.

A forensic audit is a process of in-depth examination and investigation of financial records, transactions, and documentation to identify and collect evidence that can be used in legal or judicial proceedings related to fraud. According to (Amrizal, 2013) forensic audit is an expertise in collecting and presenting information in a form and format that is acceptable to the rule of law in court against perpetrators of economic crimes. According to the Canadian Standard Practices for Investigative and Forensic Accounting (IFA), as well as from the practices carried out by forensic accounting in Indonesia in (Soepardi, 2009) in general there are three benefits to the activities of a forensic auditor, namely support for management, support in legal processes, and expert testimony. (Amrizal, 2013) stated in (Shodiq et al., 2013) that there are indicators in forensic audits, namely forensic audits in preventing fraud, definition and implementation. Forensic audits in carrying out their role are expected to be able to effectively prevent, identify or reveal, and resolve corruption cases through preventive, detective and repressive actions (Wiratmaja, 2010). The purpose of a forensic audit is to collect evidence that its orientation is to assist law enforcement officers, by bringing audit evidence closer to evidence that can be used in court through the application of audit discipline in legal discipline. According to (Amrizal, 2013) indicators of an auditor's competence are basic knowledge, technical skills, and mental attitude. To become a forensic auditor according to the BPK and legal experts' view in addition to being certified as a Certified Forensic Auditor (CfrA), one must have the competence to collect facts and various witnesses fairly, impartially, validly and accurately, the ability to report facts completely, have strong basic accounting and auditing skills, understand human behavior, knowledge of aspects that encourage fraud, knowledge of laws and regulations, knowledge of criminology and victimology, knowledge of internal control, and the ability to think like a thief. Forensic Audit will help reduce the level of fraud which in turn will improve Company Performance.

4. Fraud.

According to The Association of Certified Fraud Examiners (ACFE), fraud is an unlawful act committed to manipulate financial statements or provide false information. According to Statement of Auditing Standards (SAS) No.99, fraud is an act that is intentionally committed to cause material misrepresentation in financial statements. According to G. Jack Balogna and Robert Lindquist, fraud is deliberate deception, generally described as lying, plagiarism, and theft.

Types of Fraud According to the Association of Certified Fraud Examiners (ACFE), Internal Fraud is classified into 3, namely:

1) Fraud against Assets (Asset Misappropriation), Misappropriation of company assets or government agencies that can be linked to fraudulent acts
2) Fraud against financial statements (Fraudulent Statements), Engineering Financial Statements, Income is increased and costs are reduced, profits are increased.
3) Corruption. corruption is classified into 2, namely: conflict of interest and acts of bribing or accepting bribes.

. Causes of fraud:

1) Fraud Triangle. According to Donald R. Cressey (1976) which consists of pressure, opportunity, and rationalization.
2) Gone Theory. According to Jack Bologna (1993) which consists of: Greed, Opportunity, Need and Exposure.
3) Fraud Hexagon. According to Georgio L. Vousinas (2016) which consists of: Stimulus/Pressure, Capability, Opportunity, Rationalization, Ego and Collusion.

5. Company Performance.

According to Rivai & Basri (2004), company performance is the work results achieved to achieve company goals legally, without violating the law, and without conflicting with morals and ethics. According to Sutrisno (2009), company financial performance is the achievements that have been achieved by the company in a certain period that reflects the health level of the company. According to Putri (2020), performance is the results of the work functions of an individual or group in an organization in a certain period of time. According to researchers, company performance is the work results achieved by the company. in achieving its goals and targets. Company performance is the main indicator of the company's operational and strategic success.

Factors that affect company performance :

1) Employee quality and ability
2) Sub-infrastructure
3) Attitude and mentality (motivation, work discipline, and work ethics)
4) Education
5) Skills
6) Leadership management
7) Income level
8) Salary and health
9) Social security
10) Work climate

How to measure company performance using the Balanced Scorecard, Balanced scorecard is a concept used in management to measure and manage organizational performance holistically. This concept combines four main perspectives, namely finance with a weight of 50%, customers with a weight of 25%, internal business processes with a weight of 15%, and learning & growth with a weight of 10%.

III. RESEARCH METHOD

The research was conducted using a qualitative method. Qualitative research methods, according to experts such as Sugiyono (2022) and Moleong (2017), are methods used to understand social phenomena in depth and holistically, emphasizing meaning and interpretation, and using descriptive data in the form of words and language. By paying attention to literature sources, previous research. And actor interviews, participants 10 students of the Master of Accounting program STIE YAI 2025. To neutralize differences of opinion, triangulation was carried out with a Forum Group Discussion (FGD).

The results were discussed and analyzed. Conclusions were drawn and recommendations were given.

IV. DISCUSSION OF RESULTS

1. Relationship between Accountant Professional Ethics and Fraud.

Accountant professional ethics and fraud have a very close relationship, where ethics act as a moral foundation and guideline for accountants to act honestly, objectively, and independently, so that they can prevent and detect fraud. Professional ethics provide a moral foundation for accountants to act honestly and comply with professional standards in preparing and reporting financial information. By having a strong understanding of ethics, accountants are expected to be able to avoid behavior that can lead to fraud, such as manipulation of financial statements, misuse of assets, or corruption. For example, accountants who have high integrity will refuse to be involved in fraudulent practices, even if there is pressure from management or other parties. The Role of Ethics in Detecting Fraud:

1) Professional ethics emphasize the importance of independence for accountants, so that they can provide objective audit opinions and are not influenced by interested parties.
2) Objective accountants will be able to recognize signs of fraud and report them, even though it can have a negative impact on clients or companies.
3) Professional ethics also require accountants to have adequate competence in detecting fraud, including knowledge of various types of fraud and effective detection methods.
4) Accountants who have high ethics will be skeptical of information presented by management and will conduct careful examinations to ensure the accuracy and validity of the information.

Thus, ethics act as a moral foundation and guideline for accountants to act honestly, objectively, and independently, so that they can prevent and detect fraud.

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3. The Relationship between Forensic Audit and Fraud.

1) A forensic audit is a process of in-depth examination and investigation of financial records, transactions, and documentation to identify and collect evidence that can be used in legal or judicial proceedings related to fraud. Forensic audit and fraud are closely related, where forensic audit plays an important role in detecting, preventing, and exposing fraud, especially in the context of finance and accounting. Fraud is an unlawful act and is carried out intentionally, such as fraud, corruption, or theft. Fraud is an unlawful act and is carried out intentionally, such as fraud, corruption, or theft. The Relationship between Forensic Audit and Fraud:
2) Detecting Fraud: Forensic audits help detect indications of fraud through careful examination of financial records and transactions.
3) Preventing Fraud: By identifying fraud risks, forensic audits can help organizations take appropriate preventive measures.

4) Revealing Fraud: Forensic audits play an important role in revealing fraud cases that have occurred, by collecting strong evidence to support the legal process.

4. The Relationship between Fraud and Company Performance.

Fraud has a very close and negative relationship with company performance, because it can cause financial losses, damage reputation, and disrupt stakeholder trust. Fraud prevention and increasing awareness of the importance of business ethics are the keys to improving company performance. Negative Impact of Fraud on Company Performance:

1) Financial Loss: Fraud, such as fraudulent financial reporting, asset theft, or corruption, can result in lost revenue, increased costs, and decreased profits.
2) Reputational Damage: Fraud cases can damage a company's image, reducing the trust of investors, customers, and business partners, which impacts sales and growth.
3) Stakeholder Confidence Disruption: Fraud can damage the trust of employees, management, and other external parties, which can lead to a loss of talent, decreased productivity, and difficulty in attracting investment.
4) Additional Costs: Fraud prevention and response, including internal audits, investigations, and recovery, require significant costs.
5) Increased Risk: Fraud can increase legal, regulatory, and operational risks for a company.

Fraud Prevention and Improved Company Performance:

1) Proactive Prevention: Implementing a strong internal control system, strong business ethics, and an honest and transparent company culture are important steps to prevent fraud.
2) Effective Internal Audit: Regular and independent internal audits can help identify and prevent fraud, as well as ensure compliance with regulations and company policies.
3) Whistleblowing: A secure and effective fraud reporting system can encourage employees to report fraud they discover, allowing the company to take appropriate action.
4) Raising Awareness: Education and training on fraud and business ethics can raise employee awareness of the risks of fraud and the importance of behaving honestly and responsibly.
5) Use of Technology: Technology, such as risk management systems and data analytics, can help identify and prevent fraud.

Thus, it can be said that if fraud can be prevented and suppressed, the Company's Performance will increase.

V. CONCLUSION AND SUGGESTIONS

A. Conclusion.

After conducting qualitative research with library research, previous research, interviews with actors, participants, analyzed and discussed in the previous chapter, it can be concluded that:

1) Accountant Professional Ethics can eliminate, reduce Fraud.
2) Good Corporate Governance (GCG) can eliminate, reduce Fraud.
3) Forensic Audit can eliminate, reduce Fraud.
4) Elimination, reduction of Fraud can improve Company Performance.

B. Suggestions.

1) In order to improve performance, fraud must be reduced and eliminated.
2) Implementation of Accountant Professional Ethics must be carried out properly in order to eliminate fraud.
3) Good implementation of GCG in order to eliminate fraud.
4) Implementation of Forensic Audit can eliminate fraud.
5) Further research can be developed with quantitative research with secondary data with the object of public companies listed on the Indonesia Stock Exchange (IDX).

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