Detection of Fraudulent Financial Reporting Using the Perspective of the Fraud Triangle Factors on Financial Statement

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ABSTRACT: The research objective is to determine the effect that occurs on the financial statements by using the fraud triangle. The population in this research is a food and beverage sector company that has been listed on the Indonesia Stock Exchange for the 2017–2020. The sampling method in this research used a purposive sampling method and obtained a sample of 108 industries. The type of information data used in this research is secondary data. Sources of data information in this research come from the Indonesia Stock Exchange in the form of company financial reports, company annual reports, and other sources. This research uses logistic regression analysis to examine the effect of financial stability, external pressure, personal financial needs, financial targets, industry conditions, supervisory ineffectiveness, organizational structure, auditor turnover, audit opinion, and total accruals. The results of this research indicate that financial stability, external pressure, financial targets, industry conditions, supervisory ineffectiveness, organizational structure, auditor turnover, audit opinion, and total accruals do not affect fraudulent financial reporting. Meanwhile, personal financial needs have an effect on fraudulent financial statements.

KEYWORDS: financial statement fraud, fraud triangle, pressure, opportunity, rationalization.

I. INTRODUCTION

Financial reports as a company communication tool in making decisions by users of financial data (Kayoi, 2019). Financial reports as a means of communication must be free from misstatement resulting from intentional errors and fraud. Financial reports can work perfectly if they meet qualitative criteria, namely understandability, relevance, materiality, reliability, and comparability (Karo-karo et al., 2020). Financial reports made by management have the aim of being accountable for the tasks that have been given by the owner of the company and to become information in making decisions for other parties outside the company (Jullani et al., 2020). Companies can also show an increase or decrease in the performance of a company from financial reports. Errors that occur in the financial statements will have an impact on the company's performance. Fraud that occurs in financial reports by management at companies can harm other parties, such as investors and creditors (Putri, 2017). Even though the company's financial statements are comprehensive, there is still room for fraud by company management by manipulating the actual financial reports (Karo-karo et al., 2020). Industrial conditions require companies to have good performance and also get high profits every year. These demands cause the company to experience pressure from several parties so that the company's performance can get a good value. The pressure that occurs on the company causes an urge to take actions that can benefit itself and harm investors. This act of fraud (fraud) is carried out by forcing company workers to manipulate the company's financial reports so that financial performance looks good, increases company value, satisfies interested parties, and attracts investors (Abbas et al., 2020).

The Association of Certified Fraud Examiners (2020) explains that fraud or fraud is a planned violation of law that is attempted to be committed by one or more people by manipulating the presentation of fictitious reports to interested parties in order to benefit management or the company. Planned misrepresentation of financial statements can lead to discrepancies between financial report data and actual conditions.

Errors in financial statements can mislead users of financial statements. This type of error is often referred to as management fraud. Among the various criteria listed in fraudulent financial reporting are manipulation, modification, and substitution of accounting records or supporting documents on which financial reporting is based. These errors take the form of planned misrepresentations or omissions of important transactions and information. Misapplication of accounting principles regarding amounts, classification, presentation procedures, and intentional disclosures (Putri, 2017).
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Fraud is a fraud that must be addressed and overcome. One of the frauds that must be addressed is manipulation. Fraud or fraud itself has the aim of making a profit (Kayoi, 2019). Cressey's theory explains that there are 3 conditions that always arise in fraud, namely pressure, opportunity, and rationalization which is known as the fraud triangle (Skousen et al., 2009). In an industry, fraud can be done by manipulating financial statements, misusing assets, or by means of corruption (Syaputra, 2020). Meanwhile, the Association of Certified Fraud Examiners points out that fraud can occur in asset misappropriation, corruption, financial statement fraud. Financial statement fraud is a type of fraud that has very detrimental consequences compared to other types of fraud which have an impact on low investor confidence and decreased evaluation of the industry (Yesiariani et al., 2016).

The number of fraud cases that have occurred in several countries proves that there were errors or failures that led to fraudulent financial statements (Skousen et al., 2009). One of the frauds that occurred in America was the Lehman Brothers case which went bankrupt in 2008, where the company went bankrupt with assets of USD 613 billion which was lower than the assets claimed for USD 639 billion. This incident is thought to have occurred, due to profit inflation by management and auditors (Okezone, 2018). In Indonesia, it happened to PT. Indonesian Railways Occurred in 2005, manipulation of PT KAI's financial report information in 2005, the BUMN industry recorded a profit of Rp. 6.9 billion.

Fraud detection in financial statements was initiated by Donal R. Cressey using the fraud triangle theory. This theory explains universally why people commit fraud. Skousen et al., (2009) explains that fraud has 3 characteristics. The fraud triangle arises because there are 3 conditions that coincide with the emergence of fraud, namely pressure, opportunity, and rationalization (Ardiyani et al., 2015).

Pressure is an atmosphere in which management or other employees feel pressure to commit fraud. This pressure alone urges a person or industry to commit fraud. According to the Statement of Auditing Standard Number. 99, there are 4 types of circumstances that often occur due to pressure that lead to fraud. Pressures that can cause fraud are financial stability, external pressure, personal financial need, and financial targets (Kayoi, 2019).

Opportunity is the presence or availability of an opportunity to commit fraud or something that opens an opportunity for management or someone to commit fraud. Fraud can be tried if there is an opportunity to do it. This opportunity can arise because of controls or weak controls in the control of the internal accounting system, inefficiencies in management oversight, or abuse of position or authorization. Opportunities for financial statement fraud can occur due to 3 types of circumstances, namely, the nature of industry, ineffective monitoring, and the organizational structure according to the Statement of Auditing Standard Number. 99 (Kayoi, 2019).

Rationalization is an attitude of correcting fraudulent acts that are about to occur or have occurred. Almost all frauds are motivated by rationalization. Rationalization can cause fraud perpetrators to seek justification for the actions attempted. Fraud perpetrators will generally look for various rational reasons to be free from the fraud they are undergoing. Rationalization itself is part of the fraud triangle. According to the Statement of Auditing Standard Number. 99 rationalization of entities or industries can be measured by auditor replacement cycles, audit opinions obtained by the industry and the condition of total accruals broken down by total assets (Kayoi, 2019).

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The three components above are part of the fraud triangle proposed by Cressey in 1953 which is the core of fraud that has developed. The fraud triangle is a theory that reinforces the development of other frauds. This research uses the fraud triangle, because the accuracy in using this theory is better than fraud that has developed in fixing fraud that occurs (Kayoi, 2019). The calculation of the fraud triangle theory is always in the annual financial reports of every company which makes it easy to research. The fraud triangle is also more influential in research on fraud that occurs in financial statements.
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The development of the fraud triangle has occurred three times until 2019. In its development, Wolfe and Hermason (2004) developed the theory of the fraud triangle by adding one driving factor for fraud, namely a capability called the fraud diamond. Fraud Diamond is divided into four, namely pressure, opportunity, rationalization, and capability. Capability is an opportunity to take advantage which is an additional component of fraud diamonds. The next change in fraud is pentagon fraud proposed by Crowne Howard (2011), containing pressure, opportunity, rationalization, capability, and arrogance. Arrogance is an additional component to pentagon fraud, which is a person's arrogance by believing that the company's internal controls cannot be applied personally. The third change, namely the fraud hexagon that Vousinus (2019) put forward, is divided into six parts, namely pressure, opportunity, rationalization, capability, arrogance/ego, and collusion. Collusion is an addition to this fraud hexagon which is an agreement between two or more people to carry out an activity that has an evil connotation (Dewi et al., 2020).

Earnings management can turn into financial statement fraud when managers are in a state that is conducive to committing fraud. The fraud triangle theory explains that urgent circumstances create fraud, namely pressure, opportunity, and rationalization (Rachmasari et al., 2015).

Various industrial sectors are developing and growing in Indonesia, one of which is growing very rapidly is the food and beverage sector. This is because the food and beverage sector makes a large contribution to the development of the national economy. The food and beverage sector is also a sector that provides big profits for investors, but behind that it can also bring big losses if the data provided does not match actual conditions (Supadmini et al., 2021).

In this research, the food and beverage samples to be used are in the food and beverage industry listed on the Indonesia Impact Exchange in 2017–2020 (Rasiman et al., 2018). The reason researchers chose this sector is that the food and beverage sector has a high possibility of becoming investor interest in investing (Supadmini et al., 2021).

Several studies have shown the existence of a fraud triangle in detecting financial statement fraud. However, there are still differences in results between one study and another. Kayoi, (2019), Karokaro et al., (2020), Abbas et al., (2020), Nainggolan et al., (2021), and Ardiyani et al., (2015) conducted a study on the effect of the fraud triangle in fraudulent financial statements. In his study there are several variables used to identify fraud in financial statements, including: financial stability, financial targets, external pressure, personal financial need, nature of industry, ineffective monitoring, organization structure, and rationalization.

This research refers to the research of Skousen et al., (2009) which explains pressure proxies, opportunity proxies, and rationalization proxies. Pressure proxies, namely financial stability, external pressure, personal financial needs, and financial targets. Opportunity proxies, consisting of the nature of the industry, ineffective monitoring, organizational structure. In the study of Skousen et al., (2009), there is only rationalization as a proxy for rationalization. However, in this study the researchers added different variables to the rationalization proxies which were divided into three, namely auditor turnover, audit opinion and total accruals.

II. HYPOTHESES DEVELOPMENT

The fraud triangle is divided into three parts consisting of pressure, opportunity, and rationalization. Pressure which is divided into four indicators, namely financial stability, external pressure, personal financial needs, and financial targets. Opportunity which is divided into three indicators in the form of industrial conditions, ineffective supervision, and organizational structure. The rationalization is divided into three indicators, namely auditor turnover, audit opinion, and total accruals.

A. Financial Stability Against Financial Statement Fraud

Statement of Auditing Standard No. 99 explains that managers experience pressure to commit financial statement fraud when the financial stability or profitability of the company is threatened by economic conditions, industry, and the situation of the operating entity (Skousen et al., 2009). When a company experiences growth below the industry mean, management will try to manipulate financial reports to improve company performance. If the total assets owned by the company are high, it indicates that the wealth owned is getting bigger. This can be used as a basis for investors to allocate the funds they want to invest, so management will present the company's financial statements as well as possible in order to attract investors. The higher the percentage change in total assets, the higher the fraudulent practice in reports (Sari et al., 2020).

H1: Financial Stability has an effect on fraud in financial reports

B. External Pressure Against Fraudulent Financial Statements

External pressure is excessive pressure where the requirements or expectations of third parties must be met by the company in order to encourage the company to manipulate the amount of debt in order to get loans from outside parties (Kayoi, 2019). The pressure that is often experienced by company management is the need for additional debt or external sources of financing to remain competitive. High credit risk raises concerns that the company will not be able to repay the loan given. The company
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must save itself from this condition so that it is deemed capable of repaying its debts, by means of fraud. So it is relevant to say that the greater the external pressure proxied by the ratio of debt divided by assets, it does not rule out the possibility of financial statement fraud (Sari et al., 2020).

H2: External pressure has an effect on fraud in financial reports

C. Personal Financial Need for Fraudulent Financial Statements

Personal financial needs according to Statement of Auditing Standard No. 99 is a condition of company financial pressure which is also influenced by the financial condition of company executives (Kayoi, 2019). Earnings management is one of the fraudulent financial statements (Ratri et al., 2018). Earnings management itself occurs when managers use judgment in financial reporting and manipulate transactions to change financial reports, which can have bad consequences because they mislead some users of financial statement information (Usman, 2013). This shows that corporate executives have a strong role in corporate finance, when corporate executives (board of commissioners and board of directors) have a significant financial interest in the company. The personal financial situation will affect the company's financial performance because management has a dual role as executor as well as owner, so it can easily commit fraud by making certain performance results to obtain dividends and high stock returns (Sari et al., 2020).


D. Financial Targets Against Fraudulent Financial Statements

Financial targets are a risk due to excessive pressure on management to achieve financial targets set by directors or management (Yesiariani, 2016). Managers in carrying out their performance are always required to be able to achieve financial targets that have been planned in order to attract investors because a high Return Of Assets is considered capable of producing high profits (Sari et al., 2020).

H4: Financial targets have an effect on fraud in financial reports

E. Industry Conditions Against Financial Statement Fraud

The nature of industry is the ideal state of a company in the industry (Kayoi, 2019). One form of the nature of industry, namely the condition of company receivables, a good company will suppress and minimize the amount of company receivables and increase the company's cash flow receipts and high receivables in sales indicate that accounts receivable are assets that have a higher risk of manipulation, so that fraud is prone to occur in financial reports through accounts receivable (Sari et al., 2020).

H5: Industrial conditions have an effect on fraud in financial reports

F. Ineffective Oversight of Financial Statement Fraud

Ineffective supervision is a company condition that is not properly monitored by supervisors. This can happen because management does not involve supervision in the financial reporting process (Kayoi, 2019). Statement of Auditing Standard No. 99 explains that this ineffective oversight is the result of management domination by one person or small group without compensation controls and ineffective oversight of the financial reporting process and internal controls. The smaller the ratio of the board of commissioners, the less effective the supervision will be in monitoring the company's performance, so that the higher the tendency for fraud to occur in financial reports (Sari et al., 2020).

H6: Ineffective Supervision has an effect on fraud in financial reports

G. Organizational Structure Against Fraudulent Financial Statements

The complex organizational structure can be seen from the change of directors which can indicate a certain interest in the previous directors in concealing fraudulent acts or improving the performance of the previous directors. The organizational structure can be seen from the change of directors in the company (Widarti, 2009).

H7: Organizational structure influences fraud in financial reports

H. Auditor Substitution Against Financial Statement Fraud

Statement of Auditing Standard No. 99 states that management's relationship with the auditor is management’s rationalization. Thus, a change in auditors within the company is an indication of fraud. According to Skousen et al., (2009), audit failures in detecting fraud usually occur after a change of auditors due to the possibility that the previous auditor found something unusual that had been hidden by the management of a company.

H8: Auditor change has an effect on fraud in financial statements
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I. Audit Opinion on Financial Statement Fraud
Audit opinion on financial statements is the most important thing that affects the quality of financial reports. The auditor's opinion is the opinion given by the auditor regarding the fairness of the presentation of the company's financial statements. The auditor is aware of the risks that will arise from fraudulent financial statements and must consider the opinion given. An unqualified opinion is obtained because there are incidents of audit failure and the company commits fraud so that an audit opinion can be seen as an unqualified opinion (Sofa et al., 2020). This opinion is a form of tolerance from the auditor on earnings management and this opinion allows management to rationalize or claim that what they are doing is not wrong (Sari et al., 2020).

H9: Audit Opinion has an effect on fraud in financial statements

J. Total Accruals Against Fraudulent Financial Statements
Management in maintaining or increasing the company's income can take inappropriate ways, namely manipulating profits to make it appear that the targets set have been achieved. The concept of company accrual value can reflect the subjectivity of making a decision (Skousen et al., 2009). This study will use the proxy Total Accruals to Total Assets as a proxy for the effect of rationalization on fraudulent financial statements because the concept of accruals allows management to manipulate revenue to compare the difference in net income from operating cash flows to total assets (Sari et al., 2020).

H10: Total accruals have an effect on fraud in financial statements

III. METHOD
This study has 2 variables, namely the independent variable and the dependent variable. The dependent variable in this study is financial statement fraud, while the independent variables consist of financial stability, external pressure, personal financial needs, financial targets, industry conditions, ineffective supervision, organizational structure, auditor turnover, audit opinion, and total accruals.

A. Dependent Variable
In this research, the dependent variable is financial statement fraud, which is an action taken to cover up the improper financial condition of the industry so that it manipulates financial reports (Supadmini, 2021). Financial statement fraud can be measured using the fraud score model. The F-score can be used as a red flag or signal of possible earnings management or misstatement. The F-score model is calculated using 2 components, namely total accruals (accrual quality) and financial performance (financial performance) to determine the F-Score or fraud score (Dechow et al 2011). With the following formula:

\[
F-score = \text{Accrual Quality} + \text{Financial Performance}
\]

Accrual quality can be calculated by earnings management. Earnings management in this study can be proxied by measuring the ratio of working capital accruals to sales (Loyme et al., 2017). With the following formula:

\[
\text{Earnings Management} = \frac{\text{Working Capital Accruals}_{t}}{\text{Period Sales}}
\]

Earnings management can be calculated by working capital accruals per year divided by annual sales (Loyme et al., 2017). Working capital accrual can be calculated using the following formula:

\[
\text{Working Capital Accruals} = \Delta CA - \Delta CL - \Delta Cash
\]

Notes:
\[
\Delta CA = \text{Changes in current assets period } t
\]
\[
\Delta CL = \text{Changes in current liabilities in period } t
\]
\[
\Delta Cash = \text{Changes in cash and cash equivalents in period } t
\]

Financial performance can be measured through changes in accounts receivable, changes in inventory accounts, changes in cash sales accounts, and changes in income (Annisya et al., 2016).
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Note:

\[
\text{Change In Receivable} = \frac{\text{total receivable}}{\text{rata} - \text{rata total asset}}
\]

\[
\text{Change In Inventory} = \frac{\text{total inventory}}{\text{rata} - \text{rata total asset}}
\]

\[
\text{Change In Cash Sales} = \frac{\text{sales}(t)}{\text{sales}(t)} - \frac{\text{total receivable}}{\text{receivable}(t)}
\]

\[
\text{Change In Earnings} = \frac{\text{earnings}(t)}{\text{total asset}(t)} - \frac{\text{earnings}(t-1)}{\text{total asset}(t-1)}
\]

The score criteria for companies that are indicated to have committed fraudulent financial reporting by calculating the F-Score are detailed as follows:

<table>
<thead>
<tr>
<th>Criteria F-Score</th>
<th>Keterangan</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-Score &gt; 2.45</td>
<td>High risk</td>
<td>1</td>
</tr>
<tr>
<td>F-Score &gt; 1.85</td>
<td>Substantial risk</td>
<td>1</td>
</tr>
<tr>
<td>F-Score &gt; 1.00</td>
<td>Risk above normal</td>
<td>1</td>
</tr>
<tr>
<td>F-Score &lt; 1.00</td>
<td>Low or normal risk</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Dechow et al., 2011

From the table of criteria above, companies with indications of fraud have an F-Score > 1.00 to an F-Score > 2.45 given a score of 1 and companies that have no indication of fraud (fraud) in financial reporting have an F-Score < 1.00 will be given a score of 0.

B. Independent Variable (X)

The independent variables in this study are financial stability, external pressure, personal financial needs, financial targets, industry conditions, supervisory ineffectiveness, organizational structure, auditor turnover, audit opinion, and total accruals. The following is an explanation of the independent variables:

a. Financial Stability (X1)

Financial stability is a condition that indicates where the company is in a stable condition. If the company's financial condition is unstable, the risk of financial statement fraud decreases (Sari et al., 2020). Financial stability is proxied by changes in assets from year to year.

\[
ACHANGE = \frac{\text{Total Asset}(t) - \text{Total Asset}(t-1)}{\text{Total Asset}(t-1)}
\]

b. External Pressure (X2)

External pressure is pressure from a third party where management must meet the requirements of a third party (Kayoi, 2019). External pressure is proxied by the leverage ratio which is calculated using the Debt to Assets Ratio formula (Sari et al., 2020).

\[
\text{DAR} = \frac{\text{Total Liability}}{\text{Total Asset}}
\]

c. Personal Financial Needs (X3)

The Need for Personal Finance is a personal financial condition that is threatened and can affect the company's financial condition by influencing company policy. Personal financial need is proxied by Ownership (OSHIP), which is the ratio of share ownership by insiders (Skousen et al., 2009).

\[
\text{OSHIP} = \frac{\text{Total Shares Owned by Insiders}}{\text{Total Outstanding Shares}}
\]
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d. Financial Target (X4)
Financial targets according to the Standard Statement of Auditing are the risk of excess pressure from management to achieve financial targets set by the directors or management (Kayoi, 2019). Financial targets are proxied by Return on Assets (ROA) which is part of the profitability ratio in financial statement analysis or measurement of financial performance (Skousen et al., 2009).

\[
ROA = \frac{\text{Net Profit After Tax}}{\text{Total Asset}}
\]

e. Industrial Conditions (X5)
Industrial conditions are the ideal financial capability for companies in the industry (Kayoi, 2019). Industrial conditions are proxied by RECEIVABLE related to receivables, namely the ratio of changes in trade receivables (Skousen et al., 2009).

\[
\text{RECEIVABLE} = \frac{\text{Receivable}_{t} - \text{Receivable}_{t-1}}{\text{Sales}_{t-1}}
\]

f. Supervision Ineffectiveness (X6)
Supervisory Ineffectiveness is a situation where there is no effective oversight in monitoring company performance. The ineffectiveness of this supervision is proxied by IND with the ratio of commissioners from outside the company to all members of the board of commissioners (Ratri et al., 2018).

\[
\text{IND} = \frac{\text{Number of Independent Commissioners}}{\text{Total Commissioners}}
\]

g. Organizational Structure (X7)
An unstable or complex organizational structure is an indication or attempt by the company's management to hide fraudulent acts. The organizational structure can be seen from the changes in the chairman of the board holding the position of CEO (president) from the previous year to the following year. If the company changes directors in 2017 – 2021 then it is coded with the number 1, whereas if the company does not change the chairman of the board holding the CEO (president) position during 2017 – 2021 it can be coded with the number 0 (Skousen et al., 2009).

h. Auditor Change (X8)
Auditor change is a management rationalization, so that a change of auditor that occurs in a company is an indication of fraud (Sari et al., 2020). Auditor change can be proxied by change in auditor (CPA) which is measured by a dummy variable. If the company changes auditors within 2 years before fraud occurs in 2017 – 2021 then it is coded with number 1, whereas if the company does not change auditors during 2017 – 2021 it can be coded with number 0 (Skousen et al., 2009).

i. Audit Opinion (X9)
Audit opinion is one of the justifications for what the perpetrators of fraud did for what was done (Skousen et al., 2009). Audit opinion is proxied by measuring using a dummy variable. If the company gets a clear unqualified opinion in 2017 – 2021 then it is coded with number 1, whereas if the company's financial statements receive other than unqualified opinion during 2017 – 2021 it can be coded with number 0 (Sari et al., 2020).

j. Total Accruals (X10)
Total accrual is a rationalization that has a subjective assessment for the company, subjective judgment and decision making will be reflected in the company's accrual value (Skousen et al., 2009). Total accruals use the Total Accrual to Total Asset proxy, which compares total accruals, namely the difference between net profit and operating cash flow with total assets (Sari et al., 2020).

\[
\text{TATA} = \frac{\text{Net Profit} - \text{Operating Cash Flow}}{\text{Total Asset}_{t}}
\]
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Table.2 Definisi Operasional Variabel

<table>
<thead>
<tr>
<th>Proksi</th>
<th>Variabel</th>
<th>Indikator Pengukuran</th>
<th>Skala</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud</td>
<td>Financial Statement Fraud (Y)</td>
<td>If the company is identified as fraud with an F-Score &gt; 1.00 to &gt; 2.45 then it is given a score of 1 and the company does not commit fraud with an F-Score &lt; 1.00 is given a value of 0.</td>
<td>Nominal</td>
</tr>
<tr>
<td>Pressure</td>
<td>Financial Stability (X1)</td>
<td>ACHANGE = ( \frac{\text{Total Asset}<em>{(t)} - \text{Total asset}</em>{(t-1)}}{\text{Total Asset}_{(t-1)}} )</td>
<td>Ratio</td>
</tr>
<tr>
<td></td>
<td>External Pressure (X2)</td>
<td>DAR = ( \frac{\text{Total Debt}}{\text{Total Asset}} )</td>
<td>Ratio</td>
</tr>
<tr>
<td></td>
<td>Personal Financial Need (X3)</td>
<td>OSPH = ( \frac{\text{Total Shares Owned by Insiders}}{\text{Total Outstanding Shares}} )</td>
<td>Ratio</td>
</tr>
<tr>
<td></td>
<td>Financial Target (X4)</td>
<td>ROA = ( \frac{\text{Net Profit After Tax}}{\text{Total Asset}} )</td>
<td>Ratio</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Nature of Industry (X5)</td>
<td>RECEIVABLE = ( \frac{\text{Receivables}<em>{(t)} - \text{Receivables}</em>{(t-1)}}{\text{Sales}_{(t)}} )</td>
<td>Ratio</td>
</tr>
<tr>
<td></td>
<td>Ineffective Monitoring (X6)</td>
<td>IND = ( \frac{\text{Number of Independent Commissioners}}{\text{Total Commissioners}} )</td>
<td>Ratio</td>
</tr>
<tr>
<td></td>
<td>Organization Structure (X7)</td>
<td>If the company changes the chairman of the board holding the CEO position then it is coded with the number 1, whereas if the company does not change the chairman of the board holding the CEO position it is coded with the number 0.</td>
<td>Nominal</td>
</tr>
<tr>
<td>Rationalization</td>
<td>Auditor Change (X8)</td>
<td>If the company changes auditors within 2 years before the fraud occurs, it is coded with number 1, whereas if the company does not change auditors, it is coded with number 0.</td>
<td>Nominal</td>
</tr>
<tr>
<td></td>
<td>Audit Opinion (X9)</td>
<td>If the financial statements are for a company with an unqualified opinion then coded with number 1, whereas if the financial statements for a company with an opinion other than unqualified opinion are coded with number 0.</td>
<td>Nominal</td>
</tr>
<tr>
<td></td>
<td>Total Accruals (X10)</td>
<td>TATA = ( \frac{\text{Net Profit} - \text{Operating Cash Flow}<em>{(t)}}{\text{Total Asset}</em>{(t)}} )</td>
<td>Ratio</td>
</tr>
</tbody>
</table>

Source: Data processed

C. Population and Sample

The population in this study, namely companies engaged in the food and beverage sector, have been listed on the Indonesia Stock Exchange (IDX) for 2017-2020. The sample in this study used a purposive sampling method. The test is designed to determine the relationship and influence between the independent variables on the dependent variable. The research sample consisted of 27 companies, the observation period was 4 years, and the total sample size was 108. The criteria used in determining the sample were as follows:

Table 3. Stages of sample selection

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Companies that do not present reports for all research variables on company websites or IDX websites in 2017-2020</td>
<td>(13)</td>
</tr>
<tr>
<td>3.</td>
<td>Companies in the food and beverage sector that do not publish financial reports on the IDX website for 2017 – 2020 and companies that have complete financial report data according to the data needed to measure research variables</td>
<td>(2)</td>
</tr>
<tr>
<td>4.</td>
<td>The company does not use the rupiah currency</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Number of Companies</td>
<td>27</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Observation Year</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Total Samples During the Year of Observation</td>
<td>108</td>
</tr>
</tbody>
</table>

Source: Data processed

D. Data Types and Data Sources
The data in this study uses secondary data. The secondary data used in this study is data that already exists on the Indonesian Stock Exchange (IDX) website with the link www.idx.co.id and also other sources regarding financial reports.

E. Analysis Method
In this study using logistic regression data analysis techniques because in this study the dependent variable is non-metric and the dependent variable also consists of metric and non-metric data.

The following is the logistic regression equation in this study:

\[
\ln Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \varepsilon
\]

\(\ln Y\) = Natural log of Financial Statement Fraud
\(\beta_0\) = Constant
\(\beta\) = Variable Coefficient
\(X_1\) = Financial Stability
\(X_2\) = Financial Target
\(X_3\) = External Pressure
\(X_4\) = Personal Financial Needs
\(X_5\) = Industrial Conditions
\(X_6\) = Ineffective Supervision
\(X_7\) = Organizational Structure
\(X_8\) = Auditor Change
\(X_9\) = Audit Opinion
\(X_{10}\) = Total Accruals
\(\varepsilon\) = Residual Variable (Standard Error)

1) Descriptive Statistical Analysis
The descriptive statistics of this study consist of the mean, maximum, minimum, and standard deviation of the research variables.

The descriptive analysis of the research variables is divided into 2, namely:

a. Descriptive analysis used for ratio scale variables, namely financial stability, external pressure, personal financial needs, financial targets, industry conditions, supervisory ineffectiveness, and total accruals.
b. Frequency analysis is used for variables that have a nominal information scale, namely organizational structure, auditor changes, audit opinions, and fraudulent financial statements.

2) Coefficient of Determination (R2)
The coefficient of determination (R2) is a marker used to describe how much variation is explained in the model (Sinambela et al., 2014). Testing the coefficient of determination aims to identify how much a mixture of independent variables can explain the dependent variable by looking at the value of the coefficient of determination in the logistic regression model indicated by the Nagaelkerke R Square value.

3) Hosmer and Lemeshow Test
The Hosmer and Lemeshow Test is a suitability test based on the predicted values of opportunity (Yuhadisi, 2021). This test aims to test the feasibility of the regression model, namely whether the empirical information matches the model that was built so that the model can be said to be buggy. With the formulation of the hypothesis as follows:

a. \(H_0\) = The hypothesized model fits the data
b. \(H_a\) = The hypothesized model does not fit the data

The eligibility criteria for the regression model are as follows:

a. If the value of Hosmer and Lemeshow's Goodness of Fit Test Statistics > 0.05, it can be concluded that there is no comparison between the model and the observed values, so the Goodness of Fit Test Statistics Model is good, because it can predict the value of the observations until \(H_0\) is accepted.
Detection of Fraudulent Financial Reporting Using the Perspective of the Fraud Triangle Factors on Financial Statement

a. If the value of Hosmer and Lemeshow's Goodness of Fit Test Statistics <0.05, it can be concluded that there is a comparison between the model and the observed value so that the Goodness of Fit Test Statistics Model is not good, because it cannot predict the observed value until H₀ is rejected.

4) Classification Matrix

This test aims to predict the accuracy that is assessed by calculating the estimated correct and incorrect values on the dependent variable. This test shows how big the predictions of the regression model are for predicting the possibility of fraud in financial statements. If the percentage of values continues to be large in the classification table, then there is no significant comparison of the predicted information and observational information which shows as a good regression model.

5) Wald's test

The Wald test serves to test the significance of the constants of each independent variable included in the partial logistic regression equation model, whether the independent variables affect the dependent variable with the following criteria:

a. If the statistical value of Wald's count < Chi-square table, or probability value (sig) > level of significance (α = 0.05), then showing H₀ is accepted and Ha is rejected with the conclusion that the independent variable does not affect the dependent variable.

b. If the value of the Wald statistic count > Chi-square table, or the probability value (sig) < the level of significance (α), then showing H₀ is rejected and Ha is accepted with the conclusion that the independent variables influence the dependent variable.

IV. RESULT

A. Descriptive Analysis

Table 4 presents descriptive. There are seven independent variables of Financial Stability, External Pressure, Personal Financial Needs Financial Targets, Industrial Conditions, Ineffective Supervision, and Total Accruals in this study using a ratio scale.

- Financial stability with a sample size of 108 has a minimum value of -0.923, a maximum value of 1.676, a mean of 0.06546, and a standard deviation of 0.259706. The mean of the company's financial stability for 2017 – 2020 is 0.06546 indicating that the low difference between the total value of the current year's assets and the previous year resulted in conditions of financial stability with fairly good asset management.

- External pressure with a sample of 108, has a minimum value of 0.065, a maximum value of 8.208, a mean value of 0.56772, and a standard deviation of 0.857987. The average value of the company's external pressure for 2017-2020 is 0.56772 indicating that the company's low asset ratio means that the company is able to fulfill obligations to third parties so that the external pressure experienced by the company can be handled properly.

- Personal financial needs with a sample size of 108, have a minimum value of 0.008, a maximum value of 1.000, an average value of 0.74454, and a standard deviation of 0.239665. The mean of the company's personal financial needs for 2017 – 2020 is 0.74454 indicating that company executives are considered not good at dealing with personal financial pressures that depend on the company's financial condition.

- The financial target with a sample size of 108 has a minimum value of -2.461, a maximum value of 8.302, a mean of 0.10809, and a standard deviation of 0.857849. The mean of the company's financial stability for 2017 – 2020 is 0.10809 indicating that it is quite optimal in managing total assets in producing financial targets, namely profits so that the pressure that companies experience in setting financial targets is not well received.

- Industrial conditions with a sample of 108 have a minimum value of -64.161, a maximum value of 0.531, an average value of -0.59650, and a standard deviation of 6.174145. The average value of the company's financial stability for 2017-2020 is -0.59650 indicating that the ratio of receivables to sales this year is considered low, so that it can indicate management has the opportunity to estimate the value of receivables and increase sales.

- The ineffectiveness of supervision with a sample size of 108 has a minimum value of 0.000, a maximum value of 0.600, an average value of 0.38920, and a standard deviation of 0.111951. The average value of the company's financial stability for 2017 – 2020 is 0.38920 indicating that the average company follows the composition regulations of the independent board of commissioners within the company so that it is considered that the company is able to reduce the opportunity to harm the company to be low.

- Total accruals with a sample size of 108 have a minimum value of 3.011, a maximum value of 5.230, an average value of 0.01734, and a standard deviation of 0.612354. The average value of the company's financial stability for 2017-2020 is -0.01734 indicating that the company's average profit value is less than the operating cash flow received from total assets.
Detection of Fraudulent Financial Reporting Using the Perspective of the Fraud Triangle Factors on Financial Statement

Table 4 Descriptive Statistic

<table>
<thead>
<tr>
<th>Factor</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Stability</td>
<td>-0.923</td>
<td>1.676</td>
<td>0.06546</td>
<td>0.259076</td>
</tr>
<tr>
<td>External Pressure</td>
<td>0.065</td>
<td>8.208</td>
<td>0.56772</td>
<td>0.857987</td>
</tr>
<tr>
<td>Personal Financial Needs</td>
<td>0.008</td>
<td>1.000</td>
<td>0.74454</td>
<td>0.239665</td>
</tr>
<tr>
<td>Financial Targets</td>
<td>-2.461</td>
<td>8.302</td>
<td>1.0809</td>
<td>0.857849</td>
</tr>
<tr>
<td>Industrial Conditions</td>
<td>-64.161</td>
<td>5.331</td>
<td>-0.59650</td>
<td>6.174145</td>
</tr>
<tr>
<td>Supervision Ineffectiveness</td>
<td>0.000</td>
<td>0.600</td>
<td>0.38920</td>
<td>0.111951</td>
</tr>
<tr>
<td>Total Accrual</td>
<td>-3.011</td>
<td>5.230</td>
<td>-0.01734</td>
<td>0.612354</td>
</tr>
</tbody>
</table>

Valid n = 108

Table 5. Organizational Structure Variable Frequency Statistics

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>102</td>
<td>94.4</td>
<td>94.4</td>
</tr>
<tr>
<td>1</td>
<td>6</td>
<td>5.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total = 108

Table 6. Statistics of Auditor Turnover Variable Frequency

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>98</td>
<td>90.7</td>
<td>90.7</td>
</tr>
<tr>
<td>1</td>
<td>10</td>
<td>9.3</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total = 108

Table 7. Audit Opinion Variable Frequency Statistics

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>4</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>1</td>
<td>104</td>
<td>96.3</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total = 108

Table 8. Statistics on the Variable Frequency of Financial Statement Fraud

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>90</td>
<td>83.3</td>
<td>83.3</td>
</tr>
<tr>
<td>1</td>
<td>18</td>
<td>16.7</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total = 108

Table 9. Table of the Coefficient of Determination (R^2)

<table>
<thead>
<tr>
<th>Step</th>
<th>-2 Log likelihood</th>
<th>Cox &amp; Snell R Square</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>83.125^a</td>
<td>0.123</td>
<td>0.207</td>
</tr>
</tbody>
</table>

Table 10. Hosmer and Lemeshow Test

<table>
<thead>
<tr>
<th>Step</th>
<th>Chi-square</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6.663</td>
<td>8</td>
<td>0.573</td>
</tr>
</tbody>
</table>

Table 11. Matriks Klasifikasi

<table>
<thead>
<tr>
<th>Step</th>
<th>Fraud</th>
<th>No Indication of FS Fraud</th>
<th>Predicted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Presente</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>g Correct</td>
</tr>
<tr>
<td></td>
<td>Fraud</td>
<td></td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>No FS</td>
<td></td>
<td>87</td>
</tr>
</tbody>
</table>
Detection of Fraudulent Financial Reporting Using the Perspective of the Fraud Triangle Factors on Financial Statement

<table>
<thead>
<tr>
<th>Overall Percentage</th>
<th>15</th>
<th>3</th>
<th>16.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indication of Fraud FS</td>
<td></td>
<td></td>
<td>83.3</td>
</tr>
</tbody>
</table>

a. The cut value is 0.500

This regression model can predict that the possibility of a company being indicated to commit financial statement fraud is 83.3%. This shows that with this regression model it can predict 18 samples, there are 3 samples (16.7%) who are predicted to commit financial statement fraud and with this model it can also predict that out of 90 samples, there are 87 samples (96.7%) who are predicted not to commit fraud financial statement fraud.

Table 12. Wald Test Variables in the Equation

<table>
<thead>
<tr>
<th>Step</th>
<th>Financial Stability</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>External pressure</td>
<td>-.024</td>
<td>1.475</td>
<td>.000</td>
<td>1</td>
<td>.87</td>
<td>1.024</td>
</tr>
<tr>
<td></td>
<td>Personal Financial Needs</td>
<td>-2.401</td>
<td>1.153</td>
<td>4.340</td>
<td>1</td>
<td>.037</td>
<td>.091</td>
</tr>
<tr>
<td></td>
<td>Financial targets</td>
<td>-1.977</td>
<td>3.396</td>
<td>.339</td>
<td>1</td>
<td>.561</td>
<td>.139</td>
</tr>
<tr>
<td></td>
<td>industrial conditions</td>
<td>-.119</td>
<td>.212</td>
<td>.317</td>
<td>1</td>
<td>.573</td>
<td>.888</td>
</tr>
<tr>
<td></td>
<td>Supervision</td>
<td>.464</td>
<td>2.780</td>
<td>.028</td>
<td>1</td>
<td>.867</td>
<td>1.591</td>
</tr>
<tr>
<td></td>
<td>ineffectiveness</td>
<td>-23.158</td>
<td>12252.776</td>
<td>.000</td>
<td>1</td>
<td>.998</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Organizational structure</td>
<td>-3.61</td>
<td>.970</td>
<td>.139</td>
<td>1</td>
<td>.710</td>
<td>.697</td>
</tr>
<tr>
<td></td>
<td>Auditor Change</td>
<td>19.77</td>
<td>16536.815</td>
<td>.000</td>
<td>1</td>
<td>.999</td>
<td>385792521.76</td>
</tr>
<tr>
<td></td>
<td>Audit Opinion</td>
<td>-.286</td>
<td>2.578</td>
<td>.012</td>
<td>1</td>
<td>.912</td>
<td>.751</td>
</tr>
<tr>
<td></td>
<td>Total Accrual</td>
<td>-19.614</td>
<td>16536.815</td>
<td>.000</td>
<td>1</td>
<td>.999</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Variable(s) entered on step 1 : financial stability, external pressure, personal financial needs, financial targets, industry conditions, supervisory ineffectiveness, and total accruals

Source: Data processed

Based on the data above, the following is the logistic regression equation in this study:

\[
\ln \hat{Y} = -19.614 - 1.140X_1 - 0.024X_2 - 2.401X_3 - 1.977X_4 - 0.119X_5 + 0.464X_6 - 23.158X_7 \\
- 0.361X_8 + 19.771X_9 - 0.286X_{10} + \varepsilon
\]

Financial stability as a proxy for changes in total assets (A CHANGE) obtains a wald value of 0.498 less than the Chi-square table value of a significant level of 0.05 with a degree of freedom 1 of 3.841. The significant level is obtained from the financial stability variable of 0.480 which is more than the significant level of 0.05. Therefore, financial stability has no effect on fraud in financial statements.

External pressure by proxy debt to assets ratio (DAR) obtains a wald value of 0.000 less than the Chi-square table table with a significant level of 0.05 with a 1st degree of freedom of 3.841. The significant level obtained from the external pressure variable is 0.987 more than the significant level of 0.05. Therefore, external pressure has no effect on fraud in financial statements.

Personal financial needs with a proxy ratio of insider stock ownership (OSHIP) obtain a wald value of 4.340 more than the Chi-square table value of a significant level of 0.05 with a degree of freedom 1 of 3.841. The significant level obtained from the variable personal financial needs of 0.037 is less than the significant level of 0.05. Therefore, personal financial needs affect fraud in financial statements.

The financial target with the proxy return on assets (ROA) obtains a wald value of 0.339 less than the Chi-square table value of a significant level of 0.05 with a 1st degree of freedom of 3.841. The significant level obtained from the financial target variable is 0.561 more than the significant level of 0.05. Therefore, financial targets do not affect fraud in financial statements.

Industrial conditions with a proxy for changes in receivables (RECEIVABLE) obtain a wald value of 0.317 less than the Chi-square table value of a significant level of 0.05 with a 1st degree of freedom of 3.841. The significant level obtained from the industrial condition variable is 0.561 more than the significant level of 0.05. Therefore, industrial conditions have no effect on fraud in financial statements.

The ineffectiveness of supervision with a proxy ratio of independent commissioners (IND) obtained a wald value of 0.028 less than the Chi-square table value of a significant level of 0.05 with a degree of freedom 1 of 3.841. The significant level obtained
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from the ineffectiveness variable of supervision is 0.867 more than the significant level of 0.05. Therefore, the ineffectiveness of supervision has no effect on fraud in financial statements.

Organizational structure with a proxy for the change of directors obtains a wald value of 0.000 less than the Chi-square table value of a significant level of 0.05 with a degree of freedom 1 of 3.841. The significant level obtained from the organizational structure variable is 0.998 more than the significant level of 0.05. Therefore, organizational structure has no effect on fraud in financial statements.

Auditor replacement with a public accounting firm replacement proxy obtains a wald value of 0.139 less than the Chi-square table value of a significant level of 0.05 with a degree of freedom of 3.841. The significant level obtained from the auditor turnover variable is 0.710 more than the significant level of 0.05. Therefore, the change of auditors has no effect on fraud in the financial statements.

An audit opinion with a proxy for unqualified opinion obtained a wald value of 0.000 less than the Chi-square table value of a significant level of 0.05 with a degree of freedom 1 of 3.841. The significant level obtained from the audit opinion variable is 0.999 more than the significant level of 0.05. Therefore, audit opinion has no effect on fraud in financial statements.

Total accruals as a proxy for the total accrual to assets ratio (TATA) obtained a wald value of 0.012 less than the Chi-square table value of a significant level of 0.05 with a degree of freedom 1 of 3.841. The significant level obtained from the total financial accruals of 0.912 is more than the significant level of 0.05. Therefore, total accruals have no effect on fraud in financial statements.

V. DISCUSSION

A. The Influence of Financial Stability on Fraudulent Financial Statements

Financial stability explains that financial reporting fraud is not caused by financial stability. Companies that experience a decline in financial stability do not need to worry about the company's financial condition being threatened. The results of this study state that financial stability has no effect on fraud in financial statements. The results of this study are not in accordance with the research of Karo-Karo et al., (2019), Skousen et al., (2009), Ratri et al., (2018), Anggraini et al., 2019 and Nanggolan et al., (2021) which shows that financial stability has an effect on fraudulent financial statements. However, the results of this study are consistent with research by Kayoi, (2019), Sofa et al., (2020), Abbas et al., (2020), Jullani et al., (2020), Dam Sari et al., (2020) which shows that financial stability has no effect on fraudulent financial statement.

B. The Effect of External Pressure on Fraudulent Financial Statements

External pressure dictates that management can fulfill its obligations to third parties to repay loans. Companies that borrow capital from creditors do not make it fraudulent financial statements. It can be concluded that external pressure has no effect on fraud in financial statements. These results are inconsistent with the research of Kayoi, (2019), Abbas et al., (2020), and Nangolgon et al., (2021) which show that external pressure has an effect on fraudulent financial reporting. However, the results of this study are consistent with Jullani et al., (2020), Karo-karo et al., (2020), and Sari et al., (2020) which explain that external pressure has no effect on fraudulent financial reporting.

C. The Effect of Personal Financial Needs on Fraudulent Financial Statements

Personal financial needs explain that the pressure of personal financial needs encourages superiors to commit fraud in financial reports. This is because the executives are not able to influence the policies in the company. It can be concluded that personal financial needs influence fraud in financial statements. The results of this study are not in accordance with the research of Kayoi, (2019) and Karo-karo et al., (2020) which explain that personal financial needs have no effect on fraudulent financial statements. However, the results of this study are consistent with research by Sari et al., (2020) and Nanggolan et al., (2021) which explain that personal financial needs influence financial reporting fraud.

D. The Effect of Financial Targets on Fraudulent Financial Statements

Financial targets indicate that management is under pressure to meet financial targets made by management superiors to generate profits does not make financial reports the way out. Management does not make fraudulent financial statements to generate profits in fulfilling its wishes. It can be concluded that financial targets have no effect on fraud in financial statements. The results of this study are not in accordance with the research by Sari et al., (2020), Kayoi, (2019), and Sofa et al., (2020) which show that financial targets influence financial reporting fraud. However, the results of this study are consistent with the research of Anggraini et al., (2019) and Karo-karo et al., (2020) which show that financial targets have no effect on financial reporting fraud.
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E. The Influence of Industrial Conditions on Fraudulent Financial Statements
Industry conditions prove that industry conditions are not an obstacle for management to commit fraudulent financial reporting. This situation also shows that there is no fraud in the presentation of operating cash values in cash flow. It can be concluded that industrial conditions have no effect on fraud in financial statements. The results of this study are not in accordance with the research of Nanggolan et al., (2021), Karo-karo et al., (2020), and Skousen et al., (2009) which show that industry conditions influence financial reporting fraud. However, the results of this study are consistent with the research of Kayoi, (2019), Sari et al., (2020) and Sofa et al., (2020) which show that financial targets have no effect on fraudulent financial statements.

F. Effect of Ineffective Supervision on Financial Report Fraud
The ineffectiveness of supervision explains that the results of the mean obtained from a sample of companies show that the ratio of independent commissioners complies with OJK regulation Number 57/POJK.04/2017 that independent commissioners in a company are 30% of the total board of commissioners. So that in this condition the size of the supervisory unit can be indicated as limited to fulfilling company regulations and has not become a company urgency because the company's ineffectiveness is not necessarily the cause of fraudulent financial statements. It can be concluded that the ineffectiveness of supervision has no effect on fraud in financial statements. The results of this study are not in accordance with the research of Anggraini et al., (2019), Skousen et al., (2009), and Ratri et al., (2018) which show that ineffective supervision affects financial reporting fraud. However, the results of this study are consistent with the research of Kayoi, (2019) and Karo-karo et al., (2020) which show that ineffective supervision has no effect on fraudulent financial reporting.

G. The Effect of Organizational Structure on Fraudulent Financial Statements
The organizational structure shows that the replacement of someone who has authority in the company is not included in fraud in financial statements. Because, directors are not to achieve certain goals. It can be concluded that organizational structure has no effect on fraud in financial statements. The results of this study are consistent with research by Jullani et al., (2020) which shows that organizational structure has no effect on fraudulent financial reporting.

H. The Effect of Auditor Change on Financial Statement Fraud
Substitution of auditors proves that changing auditors by changing a public accounting firm is difficult to prove whether the company committed fraud in the financial statements or not. It can be concluded that the change of auditors has no effect on fraud in the financial statements. The results of this study are not in accordance with the research of Abbas et al., (2020), and Anggraini et al., (2019) which show that changing auditors has an effect on fraudulent financial statements. However, the results of this study are consistent with research by Sari et al., (2020) and Karo-karo et al., (2020) which show that changing auditors has no effect on fraudulent financial statements.

I. Effect of Audit Opinion on Fraudulent Financial Statements
The audit opinion proves that the unqualified opinion given by the auditor is not an incident of audit failure or the company's fraud by neglecting the company. It can be concluded that audit opinion has no effect on fraud in financial statements. The results of this study are not in accordance with the research of Sofa et al., (2020) which shows that audit opinion has an effect on fraudulent financial reporting. However, the results of this study are consistent with research by Sari et al., (2020) which shows that audit opinion has no effect on fraudulent financial reporting.

J. The Effect of Total Accruals on Fraudulent Financial Statements
The total accruals of companies that are suspected of manipulating have high accrual values that increase, but based on the mean results, it proves that this condition does not allow the company to manipulate because the cash inflows received by the company are more than the accrual value. It can be concluded that total accruals have no effect on fraud in financial statements. The results of this study are inconsistent with research by Sari et al., (2020) which shows that total accruals have an effect on fraudulent financial reporting. However, the results of this study are consistent with research by Jullani et al., (2020) which shows that total accruals have no effect on financial statement fraud.

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The total accruals of companies that are suspected of manipulating have high accrual values that increase, but based on the mean results, it proves that this condition does not allow the company to manipulate because the cash inflows received by the company are more than the accrual value. It can be concluded that total accruals have no effect on fraud in financial statements. The results of this study are inconsistent with research by Sari et al., (2020) which shows that total accruals have an effect on fraudulent financial reporting. However, the results of this study are consistent with research by Jullani et al., (2020) which shows that total accruals have no effect on fraudulent financial reporting.
VI. CONCLUSION

The results show that financial stability has no effect on fraudulent financial statements, because the percentage of total assets of the sample companies changes very little. If the financial situation is unstable, the risk of fraudulent financial reporting decreases. Vice versa, if the financial situation is stable, the risk of fraudulent financial reporting increases.

External pressure has no effect on fraud in financial statements, because the company is able to pay off its debts, there is no pressure on the company's management to seek additional funds to pay off the loan. A company can reissue shares for working capital without having to take on new debt that is a burden on the company.

Personal financial needs affect fraud in financial statements, because the greater the percentage of equity owned by internal parties, the greater the opportunity for management to commit fraud. Management has a dual role as executor and shareholder, which makes it easier for management to commit fraud by achieving certain performance in order to obtain high dividends and stock returns.

Financial targets have no effect on fraud in financial reporting, because management can accept corporate pressure and achieve financial goals set by management's superiors, making profits is not a way out for financial reporting. Management does not commit fraud to achieve goals in the financial statements that generate profits in fulfilling their wishes.

Industrial conditions have no effect on fraud in financial statements, because changes in the mean value of company receivables do not affect the company's cash flow, this is not a factor in company management committing fraud. This situation indicates that there is no fraud in presenting the cash value of operating activities in cash flow.

The ineffectiveness of supervision has no effect on fraud in financial reports, because the supervision carried out by the company is in accordance with company rules and regulations. Therefore, corporate inefficiency is not necessarily the reason for falsified financial statements.

Organizational structure has no effect on fraud in financial statements, because the change of someone who has authority in the company is not included in fraud in financial statements. The directors of the company do not make it a tool to achieve certain goals.

Change of auditors has no effect on fraud in financial statements, because a change in the person in charge of the company is not fraud in financial statements. The director of the company will not use it as a tool to achieve certain goals. The possibility of a company changing auditors is not because of avoiding fraud detection by the old auditor. The replacement of the auditor is to comply with Government Regulation Number 13 of the Republic of Indonesia. Article 20(1) of 2015 stipulates that the provision of audit services on financial statements by public accounting firms is limited for 5 (five) consecutive years.

Audit opinion has no effect on fraud in financial statements, because the audit opinion with unqualified opinion given by the auditor does not make the company a reason to commit fraud. The addition of an audit opinion does not affect the possibility of fraud being committed by company management.

Total accruals have no effect on fraud in financial statements, because companies that are suspected of manipulating have high accrual values that increase, but based on the mean results, it proves that these conditions do not allow companies to manipulate because the cash inflows received by companies are more than the accrual value. Thus, if the accrual value decreases, it can be concluded that the financial statements also decrease.

VII. LIMITATION

This research only focuses on the food and beverage industry, so it cannot be generalized to all manufacturing industries and uses the fraud triangle. In order for the research results to be generalized to the manufacturing industry, the research population is the manufacturing industry. For future researchers, it is hoped that they can use other proxies to measure the possibility of fraud in financial statements using the Beneish M-Score.

REFERENCES

Detection of Fraudulent Financial Reporting Using the Perspective of the Fraud Triangle Factors on Financial Statement


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