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FINANCIAL REPORTING FRAUD: AUDIT COMMITTEE AS MODERATION

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Abstract
This study aims to investigate the influence of the audit committee in moderating the association between financial targets, financial stability, changes in directors, ineffective supervision, optimal conditions of the company, changes in auditors, the CEO's photograph, government projects, political connections, and managerial ownership on financial statement fraud. When examining instances of financial statement fraud, it is important to take into account the involvement of the audit committee in addition to other variables. The Beneish M-Score Model is used to quantify financial statement fraud. The study focuses on analyzing a sample of 49 infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) between 2020 - 2021. The analysis employs panel data regression analysis with 98 units, utilizing the EViews 13 analytical tool to test the hypothesis. The findings of this study indicate that a company's financial target significantly impacts the likelihood of financial statement fraud. Factors such as financial stability, changes in directors, monitoring, the company's ideal condition, changes in auditors, CEO photographs, government projects, political connections, and managerial ownership do not affect the likelihood of financial statement fraud. The presence of an audit committee has a moderating effect on the occurrence of financial statement fraud as each independent variable becomes less influential.

Keywords: Fraud Hexagon, Financial Statement Fraud, Audit Committee

1. Introduction

Fraud or fraud is an act that deliberately and criminally uses lies to obtain wealth for a person / group and can harm other parties. Nurani and Oktavia (2017) stated that fraud is a deliberate act carried out by certain parties to deceive and cause false statements or misstatements in financial statements. One form of fraud is fraud or fraud in the use of financial statements, where the reports presented are intentionally and deliberately not in accordance with current accounting standards and are intended only for the benefit of certain parties (Agustina and Pratomo, 2019; Fitrawansyah, 2014)

The fraud hexagon theory is the most recent idea that can be utilized to study the components that influence financial statement fraud. This idea was created using the fraud pentagon theory, which is a fundamental notion for examining the reasons for fraud. Crowe Howarth (2011) introduced the fraud pentagon theory, which states that five elements contribute to fraud: pressure, opportunity, rationalization, competence, and arrogance.

Later, Vousinas (2019) modified the fraud pentagon theory by including collusion as a factor that contributes to fraud. The fraud hexagon theory is a list of the six factors that

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Georgios L. Vousinas claims lead to fraud. The genesis of this hypothesis is due to the recent increase in the number of fraud cases produced by the agreement of numerous parties with the goal of injuring particular parties, also known as fraud. Many firm employees are involved, like with Enron and WorldCom. Vousinas noted that it is extremely difficult for a corporation to be fully free of fraud if both internal and external actors collaborate.

The Association of Certified Fraud Examiners (ACFE) defines fraud as illegal conduct committed knowingly for a specified goal (manipulation or misrepresentation to third parties). The results of the 2019 ACFE Chapter No. 111 Indonesia survey revealed that corruption (70%) caused a total loss of Rp370 billion, misuse of assets (21%), and financial statement fraud (9%) caused a total loss of Rp240 billion.

2. Theoretical Background

2.1 Agency Theory

Jensen and Meckling (1976) proposed the conceptual framework known as agency theory to clarify the contextual dynamics between principals and agents, specifically in the context of two or more people, a group, or an organization. As a result, a lot happens in agency theory, where age leads to greater knowledge and understanding of the organization's or company's situation, creating information asymmetry that may motivate principals' actions (they are unable to determine whether the business run by the agent is actually optimal). Nevertheless, as the organization expands, frequent disputes arise between its proprietors and management, who in this case are the shareholders (representing investors) and the agents represented by management (referred to as directors). Conflicts between principals and management (agents) can arise due to their divergent interests. Each of the principals of an agent fund seeks enormous profits. Additionally, principals and agents circumvent the risk associated with separate tribunals and ownership in a corporation, both of which are potential sources of agency conflicts (agency theory-related conflicts of interest). Agency conflicts may arise when parties with divergent interests and objectives collaborate, impeding the company's progress towards generating value for its shareholders and causing difficulties in achieving positive performance.

2.2 Cheating (Fraud)

Fraud is an act that utilizes lies intentionally and criminally to obtain wealth for individuals / groups and can harm other parties. According to Johnstone et al. in Nurani &; Oktavia (2017) states that fraud is a deliberate activity in which there is fraud by certain parties that cause false statements or misstatements in financial statements.

2.3 Fraud Hexagon Model

The Hexagon Model of Fraud is a theoretical framework that elucidates the motivations behind fraudulent activities undertaken by companies or specific individuals. The fraud triangle or Cressey's notion, which Donald R. Cressey first proposed in 1953, is a common name for the idea. Wolfe and Hermanson (2004) introduced a novel perspective called the fraud diamond, which includes a fourth aspect known as ability. Subsequently, Crowe (2011) enhanced the hypothesis by incorporating components of hubris, resulting in its alternative designation as "pentagon fraud." Vousinas (2019) developed and introduced the hexagon fraud theory, which is the most recent and complex fraud detection theory. This theory incorporates a novel aspect, collusion, as the sixth

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component. According to Vousinas (2019), the occurrence of collaboration, particularly within workers or between employees and external parties, would make it more challenging to prevent fraud. Unintentionally, one element might accidentally promote fraudulent activities.

2.4 Audit Committee

The audit committee is a governing body established by the board of commissioners to provide support in the assessment of the company's operational activities (Hermitasari and Purwanto 2016). Agency theory posits that the audit committee functions as an instrument within a broader framework established by the principal to regulate agents and reduce agency expenses (Anggraini and Suryani, 2021). The audit committee is responsible for providing support to the board of commissioners in their oversight of the financial reporting implementation system, including the financial statement presentation of the company (Ika and Mohd Ghazali 2012).

2.5 Research Hypothesis

2.5.1 Financial Target

Pressure may be quantified by financial target often shown by the attainment of a company's profit level, which can be determined by the value of ROA (return on assets) (Skousen et al., 2009). The study by Setiawati and Baningrum (2018) also lends strong support to Mertha Jaya and Poerwono's (2019) financial objective. So that the hypotheses that can be proposed are:

H1: Financial target affects fraudulent financial statements

2.5.2 Financial Stability

Financial stability is a state to see whether the company's financial condition is stable or not. The results of Renata & Yudowati's (2020) research explain that financial stability variables show a significant influence on fraudulent financial statements.

H2: Financial stability affects fraudulent financial statements

2.5.3 Capability

The capability described here is the ability of fraudsters to commit fraud without being noticed by the company's controllers. According to Wolfe & Hermanson (2004) states that it is impossible for individuals who do not have the right individual abilities or capabilities to carry out acts of fraud.

2.5.4 Change in Director

The change of directors does not necessarily guarantee an improvement in the company's performance. Directorial changes can lead to a time of heightened tension, which in turn can raise the probability of fraudulent activities taking place (Wolfe & Hermanson, 2004). According to Faradiza (2019), the replacement of directors has a substantial impact on the occurrence of fake financial statements. In order to get the study hypothesis that follows:

H3: Change of directors affects fraudulent financial statements

2.5.5 Opportunity

Opportunity presents a favorable circumstance for an individual to engage in fraudulent activities. Mulya et al. (2019) state that the absence of effective control fosters

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an environment conducive to fraud, as individuals see an opportunity to deceive without being identified.

2.5.6 Ineffective Monitoring

Supervision entails a strong association between the corporation and the board of commissioners. Siddiq et al. (2017) asserted that the incidence of fraud within a firm may be mitigated by augmenting the proportion of the board of commissioners. Putriasih et al. (2016) conducted research that demonstrates how inefficient monitoring might impact the occurrence of fake financial statements. The identified hypotheses are as follows:

H4: Ineffective monitoring affects fraudulent financial statements

2.5.7 Nature of industry

The nature of industry permits some parties to perpetrate fraud, particularly on accounts receivable and inventory accounts that are part of the nature of industry. According to Sari and Nugroho (2020), accounts receivable and inventory accounts are subjective accounts since the amount of balance disclosed in the financial statements is subjective. According to the findings of Yendrawati et al. (2019); Zaki (2017); and Christian et al. (2019), the type of sector has a favorable effect on financial statement fraud. The identified hypotheses are as follows:

H5: Nature of industry effect on financial statement fraud.

2.5.8 Rationalization

Rationalization means that individuals who commit fraud will seek justification for activities that contain fraud. This action is believed to occur because fraudsters demand that they must generate more profits from the actions they take (Andriani, 2019).

2.5.9 Change in Auditor

The assessment of users of financial statements may be predicated on the auditor's opinion. As a result, according to Tiffani and Merfuah (2015), a company's recurrent auditor turnover indicates that previous auditors were unable to identify fraudulent financial statements. The research of Saputra and Kesumaningrum (2017), as well as Siddiq et al. (2017), provides support for this line of thinking. The subsequent hypotheses were deduced with respect to this subject:

H6: Change in Auditor affects fraudulent financial statements

2.5.10 Arrogance

The arrogance pertains to an individual who perceives themselves as exempt from internal oversight and corporate knowledge, leading them to assume that they are not obligated to adhere to these principles. Consequently, they deny any involvement in fraudulent activities (Bawekes et al., 2018).

2.5.11 Frequent Number of CEO’s Picture

According to Bawekes et al. (2018) and Crowe (2011), CEOs are generally more content when they openly display their position so that others can perceive them as superior and arrogant. This leads them to believe that they are exempt from responsibility for any policy decisions due to their position. The prevalence of CEO photographs, according to Sari and Nugroho (2020), has an impact on fake financial statements. The hypothesis was observed to be:

H7: Frequent number of CEO's picture affects fraudulent financial statements.

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2.5.12 Collusion

According to Vousinas (2019), acts of fraud and white-collar crime often result from collaboration, which refers to agreements or cooperation between many persons to carry out illegal activities or fraud. Collusion can be reviewed in several factors:

2.5.13 Government Projects

The collaboration between corporations and government initiatives results in the acquisition of government projects. A positive correlation exists between the magnitude of government project collaboration between the organization and the government and the revenue generated by the organization. This could potentially incentivize personnel (management) to engage in financial statement manipulation. Government initiatives have a significant impact on fraudulent financial statements, according to Sari and Nugroho (2020). So that the seventh hypothesis can be produced is:

H8: Government projects affect fraudulent financial statements

2.5.14 Political Connection

Political connections tend to benefit companies. Companies will get assistance from the government in case of an economic crisis or other problems (Butje & Tjondro, 2014). This statement is in accordance with the research of Matangkin et al. (2018). So the eighth hypothesis is:

H9: Political connections affect fraudulent financial statements

2.5.15 State Owned Enterprises

State-owned enterprises are corporations that are partially or wholly owned by the government, either in the form of state-owned (BUMN) or regionally owned (BUMD) entities. According to Shawtari et al. (2017), government-owned corporate organizations lack effective oversight, resulting in limited profitability. Government ownership of a corporation will provide it with several advantages, including political influence, financial support, and access to resources (Gaio &; Pinto, 2018).

H10: State-owned Enterprises affect fraudulent financial statements

2.5.16 Financial Targets Against Financial Statement Fraud with Audit Committee Moderation

The audit committee plays a crucial role in overseeing financial management, which helps to mitigate the risk of fraudulent activities resulting from the undue emphasis on financial objectives by corporate management. This, in turn, minimizes instances of financial statement fraud (Haqq & Budiwitjaksono, 2019). A 2019 study by Haqq and Budiwitjaksono, which convincingly demonstrates that the audit committee has the ability to mitigate the impact of financial targets on financial statement fraud, supports the aforementioned argument. The hypothesis presented is derived from the theory and past research.

H11: The audit committee can moderate (weaken) the effect of financial targets on financial statement fraud.

2.5.17 Financial Stability Against Financial Statement Fraud with Audit Committee Moderation

The pressure that shareholders put on management of the company to report favorable financial stability may make it more likely that management will engage in fraudulent

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activity (Faradiza, 2019). This underscores the importance of the audit committee in overseeing management's actions. The results of the study by Sagala and Siagian (2021) show that the audit committee has the potential to lessen the impact of financial stability on financial statement fraud. According to the aforementioned theory and backed by the findings of prior studies, the hypothesis put up is as follows:

H12: Audit Committee moderates (weakens) the effect of financial stability on financial statement fraud reports.

2.5.18 ineffective Monitoring of Financial Report Fraud with Audit Committee Moderation

An audit committee that works effectively will make supervision of management more optimal, (Putra &; Suprasto, 2022), and make the company able to act according to agency theory by making management carry out the duties given by shareholders as principals well (Sibuea &; Arfianti, 2021). The results of research conducted by Akbar (2021) prove that the audit committee can weaken the influence of effective monitoring on financial statement fraud. Based on the theory above, the hypothesis proposed as follows:

H13: Audit Committee moderates (weakens) the effect of effective monitoring on reports of financial statement fraud

2.5.19 Nature of Industry Against Financial Statement Fraud with Audit Committee Moderation

The primary responsibility of the audit committee is to review the financial statements of reputable companies. This helps to reduce the likelihood of fraudulent activities by management in the financial statements. Additionally, it ensures that companies adhere to the principles of agency theory by fulfilling the duties assigned by major shareholders to the fullest extent (Haqq & Budiwitjaksono, 2019). Oktaviani's (2021) research findings demonstrate that the audit committee has the ability to mitigate the impact of industry characteristics on financial statement fraud. Based on the theory above, and supported by the results of previous research, the hypothesis proposed is as follows:

H14: The audit committee can moderate (weaken) the influence of the nature of industry on financial statement fraud

2.5.20 Change in Auditor Against Financial Statement Fraud with Audit Committee Moderation

The audit committee can furnish shareholders with details regarding the external auditors' performance during the annual meeting. This will prevent the need to replace auditors as a result of rationalization or management justification and mitigate the risk of auditors engaging in fraudulent activities due to unsatisfactory performance, thereby reducing the occurrence of financial statement fraud. The research has successfully shown that the audit committee has the ability to mitigate the impact of auditor changes on financial statement fraud (Suprasto, 2021), (Haqq &; Budiwitjaksono, 2019) Based on the theory above, and supported by the results of previous research, the hypothesis proposed is as follows:

H15: The audit committee can moderate (weaken) the effect of changes in auditors on financial statement fraud

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2.5.21 Change in Director Against Financial Statement Fraud with Audit Committee Moderation

The replacement of directors can lead to instability, and the new director's lack of information provides opportunities for management to engage in fraudulent activities. The audit committee plays a crucial role in overseeing and informing the new director about the company's status, thereby reducing the likelihood of management committing financial statement fraud for personal gain (Yulistyawati et al., 2019). The study done by Komang (2020) has demonstrated that the audit committee has the ability to mitigate the impact of directorial changes on financial statement fraud. Based on the theory above, and supported by the results of previous research, the hypothesis proposed is as follows:

H16: The audit committee can moderate (weaken) the effect of change in director on financial statement fraud

2.5.21 Frequent number of CEO's picture Against Financial Statement Fraud with Audit Committee Moderation

The audit committee as an autonomous entity responsible for protecting the interests of shareholders, can be regulated through the disclosure of fraudulent discoveries. This would diminish the CEO's arrogance, which would be exacerbated if they believed that internal controls were insufficient to prevent financial statement fraud. Furthermore, such reporting would motivate the CEO and other management to adhere to agency theory by diligently carrying out their principal responsibilities and avoiding deceit (Akb). Putra and Gideon (2020) conducted research that effectively demonstrated how the presence of an audit committee can mitigate the impact of the CEO picture number, which represents arrogance and potential financial statement fraud. Based on the theory above, and supported by the results of previous research, the hypothesis proposed is as follows:

H17: The audit committee may moderate (weaken) the effect of the frequent number of CEO's picture on financial statement fraud

2.5.22 Government Project Against Financial Statement Fraud with Audit Committee Moderation

The audit committee plays a crucial role in conducting audits and overseeing management. This helps to mitigate conflicts of interest that arise from various parties, including those seeking personal enrichment. The committee serves as a control mechanism, preventing management from succumbing to the influence of individuals seeking personal gain and thereby reducing the occurrence of financial statement fraud (Sagala & Siagian, 2021). A study done by Sagala and Siagian (2021) has demonstrated that audit committees have the ability to mitigate the impact of government projects on instances of financial statement fraud. Based on the theory above, supported by the results of previous research, the hypothesis proposed is as follows.

H18: The audit committee can moderate (weaken) the effect of government projects on financial statement fraud

2.5.23 Political Connection Against Financial Statement Fraud with Audit Committee Moderation

The audit committee's responsibility to disclose fraud findings in financial statements can mitigate the impact of corporate political connections, which manifest as a sense of entitlement stemming from support by political parties and government officials, thereby deterring financial statement fraud (Faradiza, 2019). Informing the audit committee about

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instances of fraud as a means of oversight may result in officials or political parties who collaborate with the company withdrawing their support due to potential damage to their political reputation. Consequently, this can serve as a deterrent for management from engaging in financial statement fraud (Aulia & Gideon, 2020). The study done by Setyono et al. (2023) demonstrates that audit committees have the ability to mitigate the impact of political ties on instances of financial statement fraud. Based on the theory above, and supported by the results of previous research, the hypothesis proposed is as follows:

H19: Audit committee may moderate (weaken) the influence of the Political Connection on reports of financial fraud

2.5.24 State-Owned Enterprises Against Financial Statement Fraud with Audit Committee Moderation

An efficient audit committee that promptly reports instances of fraud in the financial statements of state-owned enterprises can diminish shareholder trust, tarnish the company's reputation, and significantly impact the company. State-owned enterprises are particularly susceptible to fraud, which can undermine management's incentive to engage in financial statement fraud (Setyono et al., 2023). Purnama's (2022) research has demonstrated that audit committees have the ability to diminish the impact of state-owned firms on financial statement fraud. Based on the theory above, and supported by the results of previous research, the hypothesis proposed is as follows:

H20: Audit Committee may moderate (weaken) the influence of State-owned Enterprises on financial statement fraud

3. Methods

3.1 Sampling Method

The research included quantitative research using secondary data sources in the form of annual reports of energy sector companies from the Indonesia Stock Exchange website and the company's official website. The energy sector listed on the IDX in 2020-2021 is a research population. The sample was carried out by nonprobability sampling technique with purposive sampling method. The following are the results of the selection of research samples in accordance with predetermined criteria:

1) Companies in the infrastructure sector listed on the Indonesia Stock Exchange (IDX) in 2020-2021.
2) Companies in the energy sector that do not publish annual financial statements on the Indonesia Stock Exchange website or company website during 2020-2021.
3) Companies in the energy sector that suffered losses during 2020-2021.

4. Results and Discussion

4.1 Classical Assumption Test

4.1.1 Multicollinearity Test

Table 1. Multicollinearity Test

	ROA	ACHANGE	DCHANGE	BDOUT	NOI	CPA	CEOPIC	PROPEM	POLCON	SOE	AUDIT KO...
ROA	1.000000	0.012143	-0.102601	-0.049110	-0.021371	-0.059979	0.123612	0.042026	-0.055429	-0.007283	0.041403
ACHA...	0.012143	1.000000	-0.067103	-0.122717	-0.014001	-0.039236	0.080564	-0.144379	-0.036127	0.050302	0.057931
DCHA...	-0.102601	-0.067103	1.000000	0.177937	-0.046842	0.073088	-0.036268	0.201180	0.318543	0.001704	-0.078916
BDOUT	-0.049110	-0.122717	0.177937	1.000000	-0.089825	-0.058141	0.138114	0.253351	0.198464	-0.212540	-0.159868
NOI	-0.021371	-0.014001	-0.046842	-0.089825	1.000000	-0.027409	0.056253	-0.097084	-0.025154	0.034984	0.041403
CPA	-0.059979	-0.039236	0.073088	-0.058141	-0.027409	1.000000	-0.118462	0.192487	-0.070829	-0.026896	0.044498
CEOPIC	0.123612	0.080564	-0.036268	0.138114	0.056253	-0.118462	1.000000	0.059093	0.145436	0.023011	0.254965
PROPEM	0.042026	-0.144379	0.201180	0.253351	-0.097084	0.192487	0.059093	1.000000	0.079931	-0.089738	0.097007
POLCON	-0.055429	-0.036127	0.318543	0.198464	-0.025154	-0.070829	0.145436	0.079931	1.000000	-0.044028	0.023625
SOE	-0.007283	0.050302	0.001704	-0.212540	0.034984	-0.026896	0.023011	-0.089738	-0.044028	1.000000	-0.038019
AUDIT...	0.041403	0.057931	-0.078916	-0.159868	0.041403	0.044498	0.254965	0.097007	0.023625	-0.038019	1.000000

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From the results of multicollinearity there are no results that show < 0.8, so multicollinearity does not occur.

4.1.2 Heteroscedasticity Test

Table 2. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	0.199157	Prob. F(11,86)	0.9973
Obs*R-squared	2.434395	Prob. Chi-Square(11)	0.9963
Scaled explained SS	71.99656	Prob. Chi-Square(11)	0.0000

Based on the Breusch-Pagan test, it shows that the results of the independent variable have no influence on the absolute residual regression of the panel data regression model because the p-value (0.9963) > 0.05. Thus, the panel data regression model used in this study is free from the problem of heteroskedasticity.

4.2 Hypothesis Test

The test model with Chow and Lagrange statistics shows that the Common Effect Model (CEM) is the best suited for this panel analysis data set. To establish the impact of independent variables, regression analysis is based on panel data regression findings with CEM.

4.2.1 F Test

F Test aims to find whether the independent variables together (simultant) affect the dependent variable. Test F is performed to see the effect of all independent variables together on the dependent variable.

Table 3. F Test

R-squared	0.257729	Mean dependent var	-1.421045
Adjusted R-squared	0.162788	S.D. dependent var	84.11880
S.E. of regression	76.96813	Akaike info criterion	11.63894
Sum squared resid	509472.0	Schwarz criterion	11.95546
Log likelihood	-558.3079	Hannan-Quinn criter.	11.76697
F-statistic	2.714607	Durbin-Watson stat	1.915442
Prob(F-statistic)	0.004719		

F table sig 5%, Df (number of variables – 1) = (12-1) = 11, Df (number of samples – number of variables) = (98-11) = 87. So, the results of the f table 1,900466, F statistics 2,714607 > 1,900466 and, Prob (F statistics) 0.004719 < 0.05. Then it can be concluded that the F test has an effect.

4.2.2 R2 Test

Table 4. R2 Test

R-squared	0.257729	Mean dependent var	-1.421045
Adjusted R-squared	0.162788	S.D. dependent var	84.11880
S.E. of regression	76.96813	Akaike info criterion	11.63894
Sum squared resid	509472.0	Schwarz criterion	11.95546
Log likelihood	-558.3079	Hannan-Quinn criter.	11.76697
F-statistic	2.714607	Durbin-Watson stat	1.915442
Prob(F-statistic)	0.004719		

The table indicates that the adjusted R-squared value of 0.162788 represents the coefficient of determination, which demonstrates that the independent variables can

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account for 16.3% of the financial statement fraud. The remaining 83.7% can be attributed to other variables not included in the panel data regression model used in this study.

4.2.3 T Test

The T test is used to determine whether each independent variable can have a significant effect on the dependent variable. By comparing the statistical value with the t-table value of 98 units of analysis (df: N-2 = 98-2 = 96), the t-table value is 1.985

Table 5. T Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.939849	40.60161	0.146296	0.8840
ROA	-0.822066	0.151278	-5.434136	0.0000
ACHANGE	-4.40E-08	1.83E-06	-0.024011	0.9809
DCHANGE	-9.392162	21.96464	-0.427604	0.6700
BDOUT	-7.316852	34.67904	-0.210988	0.8334
NOI	0.001119	0.004814	0.232544	0.8167
CPA	-2.988718	31.40662	-0.095162	0.9244
CEOPIC	16.31015	19.67889	0.828815	0.4095
PROPEM	6.935716	17.06424	0.406448	0.6854
POLCON	-11.03640	35.17618	-0.313747	0.7545
SOE	-1.304624	25.41886	-0.051325	0.9592
AUDIT_KOMITE	-4.783515	15.91157	-0.300631	0.7644

Based on the table above, the results of the hypothesis test can be known as test results of hypothesis:

1) The results of the T test between Financial Target against financial statement fraud obtained a regression coefficient value of -0.822066 and had a t-statistic value of -5.434136 which was smaller than the t-table value (-5.499957 < 1.985) with a probability value of **0.000** (sig < 0.05). So, it can be stated that the financial target has a significant positive effect on financial statement fraud. Thus, it is concluded that H1 is acceptable.
2) The results of the T test between Financial Stability on financial statement fraud obtained a regression coefficient value of -4.040 and a t-statistical value of -0.024011 < 1.985 with a probability value of 0.9809 (sig > **0.05**). So, it can be stated that Financial Stability has a significant effect on financial statement fraud. Thus, it is concluded that H2 is rejected.
3) The results of the t-test between Change in Director on financial statement fraud obtained a regression coefficient value of -9392162 and had a t-statistic value of -0.427604 which is smaller than the t-table value (-0, 427604 < 1.985) with a probability value of **0.6700** (sig > 0.05). So, it can be stated that Change in Director has no effect on financial statement fraud. Thus, it is concluded that H3 is rejected.
4) The results of the t-test between Innefective Monitoring of financial statement fraud obtained a regression coefficient value of -7.316852 and had a t-statistic value of -0.210988 which was smaller than the t-table value (-0.106083 < 1.985) with a probability value of **0.8334** (sig > 0.05). So, it can be stated that ineffective monitoring has no effect on financial statement fraud. Thus, it is concluded that H4 is rejected.
5) The results of the t-test between Nature of Industry on financial statement fraud obtained a regression coefficient value of 0.001119 having a t-statistical value of 0.232544 which is smaller than the t-table value (0.232544 < 1.985) with a probability value of **0.8167** (sig > 0.05). So, it can be stated that the nature of industry has no effect on financial statement fraud. Thus, it is concluded that H5 is rejected.

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6) The results of the t-test between Change in Auditor against financial statement fraud obtained a regression coefficient value of -2.988718 and had a t-statistic value of -0.095162 which was smaller than the t-table value (-0.095162 < 1.985) with a probability value of **0.9244** (sig > 0.05). So, it can be stated that Change in Auditor has no effect on financial statement fraud. Thus, it is concluded that H6 is rejected.
7) The results of the t-test between the Frequent Number of CEO's Picture against financial statement fraud obtained a regression coefficient value of 16.31015 and had a t-statistic value of 0.828815 which was smaller than the t-table value (0.828815 < 1.985) with a probability value of **0.4095** (sig > 0.05). So, it can be stated that the Frequent Number of CEO's Picture has no effect on financial statement fraud. Thus, it is concluded that H7 is rejected.
8) The results of the t-test between Government Projects against financial statement fraud obtained a regression coefficient value of 6.935716 and had a t-statistic value of 0.406448 which was smaller than the t-table value (0.406448 < 1.985) with a probability value of 0.6854 (sig > 0.05). So, it can be stated that the Government Project has no effect on financial statement fraud. Thus, it is concluded that H8 is rejected
9) The results of the t-test between Political Connection on financial statement fraud obtained a regression coefficient value of -11.03640 and had a t-statistic value of -0.313747 which was smaller than the t-table value (0.313747< 1.985) with a probability value of **0.7545** (sig > 0.05). So, it can be stated that the Political Connection has no effect on financial statement fraud. Thus, it was concluded that H9 was rejected
10) The results of the t-test between State Owned Enterprises against financial statement fraud obtained a regression coefficient value of -1.304624 and had a t-statistic value of -0.51325 which was smaller than the t-table value (-0.51325 < 1.985) with a probability value of **0.9592** (sig > 0.05). So, it can be stated that State Owned Enterprises have no effect on financial statement fraud. Thus, it is concluded that H10 is rejected.

4.2.4 Regression Analysis with MRA (Moderated Regression Analysis)

Financial Target's audit committee exercises moderation in the face of financial statement deception. The financial target (ROA) for financial fraud has a positive impact, as indicated by the output results above. The impact of the ROA output regarding fraudulent financial reports, moderated by the audit committee, is negligible due to the probability value of 0.9879 > 0.05. Based on the outcomes of ROA's interaction with the audit committee regarding the financial statements, it can be inferred that the audit committee's involvement diminishes ROA's influence on the exclusion of financial statements, as the probability value is 0.1135 > 0.05.

The moderation of financial statement deception by the Audit Committee on Financial Stability. The aforementioned output indicates that there is no discernible impact of financial stability (a change) against financial fraud, as the value of prob 0.9772 > 0.05. As the probability value is 0.8529 > 0.05, the output change results regarding financial report fraud with the audit committee as moderation have no effect. The probability value of 0.9581 > 0.05 indicates that the audit committee mitigates the impact of the change on the absence of financial statements based on the interaction between the audit committee and the financial statements.

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Moderation of the directors' change by the audit committee in order to prevent financial statement fraud. The probability value of 0.9885 > 0.05 indicates that the change of directors (Dchange) in response to financial misconduct had no effect, as indicated by the output above. The results indicate that moderation has no effect on the output change against fraudulent financial reports with the audit committee, as the probability value is 0.8523 > 0.05. The probability value of 0.9043 is higher than 0.05 for the output change interaction with financial statements and the audit committee. This means that the audit committee lessens the effect of the change on the exclusion of financial statements.

Moderation by the Audit Committee regarding Infectious Monitoring of Financial Statement Fraud. ineffective monitoring (Bdout) against financial fraud has no effect, as the probability value of 0.8765 < 0.05, as indicated by the output above, The prob value of 0.8696 > 0.05, so the results of Bdout's output regarding financial statement fraud with the audit committee as moderation have no effect. Based on the outcomes of Bdout's engagement with the audit committee regarding the financial statements, it can be inferred that the audit committee's presence diminishes Bdout's impact on the exclusion of financial statements. This is supported by the probability value of 0.9552 > 0.05. The audit committee's moderating effect on financial statement fraud is the nature of the industry. The aforementioned output indicates that there is no discernible impact of the nature of industry (Noi) on financial fraud, as the value of prob 0.7158 > 0.05. The results of Noi's output on fraudulent financial reports with the audit committee as moderation have no effect because the probability value is 0.8399 > 0.05. Furthermore, based on the probability value of 0.9808 > 0.05 for Noi's interaction with the audit committee on financial statements, it can be concluded that the audit committee reduces Noi's influence on the exclusion of financial statements.

Assisting the Audit Committee in Moderately Assessing the Impact of Auditor Changes on Financial Statement Fraud. The probability value of 0.8575 > 0.05 indicates that the change in auditor (CPA) against financial misconduct has no effect, as indicated by the output above. Since the probability value is 0.8454 > 0.05, the results of the CPA's output on fraudulent financial reports with the audit committee as moderation have no effect. According to what the CPA said to the audit committee about the financial statements, the presence of the audit committee makes it less likely that the CPA will forget to include the financial statements, as shown by the probability value of 0.7337 > 0.05.

The Audit Committee's Moderation of the CEOP Against Financial Statement Fraud. The output above, where the probability value of 0.9153 > 0.05, indicates that the CEO picture (CeoPic) has no effect against financial misconduct. The output of CeoPic regarding fraudulent financial reports, moderated by the audit committee, yields no discernible impact due to the probability value of 0.8250 > 0.05. The probability value of 0.9325 > 0.05 suggests that the audit committee's involvement lessens CeoPic's influence over the exclusion of financial statements based on the results of CeoPic's engagement with the audit committee regarding the financial statements.

Audit Committee moderating of government initiatives to prevent financial statement deception. Since the value of prob (0.9858) > 0.05, the government project (Propem) against financial misconduct has no effect, as indicated by the output above. Since the probability value is 0.8498 > 0.05, the results of Propem's output on fraudulent financial reports with the audit committee as moderation have no effect. Propem's interaction with the audit committee about the financial statements led to the conclusion that the audit

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committee's involvement lessens Propem's effect on the exclusion of financial statements, as shown by the fact that prob 0.9149 > 0.05.

Polcon Audit Committee Moderation Regarding Financial Statement Fraud. The political connection (Polcon) against financial misconduct has no effect, as indicated by the output above (prob value of 0.9523 > 0.05). Because the probability value is 0.8529 > 0.05, Polcon's output results regarding fraudulent financial reports with the audit committee as moderation have no effect. The results of Polcon's conversation with the audit committee about the financial statements also suggest that the involvement of the audit committee lessens Polcon's ability to exclude the financial statements, since the probability value is 0.9756 > 0.05.

The Audit Committee's moderation regarding SOE financial statement deception. The output values (prob 0.9602 > 0.05) show that the effect of state-owned enterprises (SoEs) on financial misconduct is minimal. Since the probability value is 0.8532 > 0.05, the outcomes of Soe's output regarding fraudulent financial reports with the audit committee as moderation have no effect. The probability value of 0.9637 > 0.05 suggests that the audit committee's involvement lessens Soe's influence over the exclusion of financial statements, which is in line with the results of Soe's engagement with the audit committee regarding the financial statements.

5. Conclusion

Based on the results of the data that has been presented, the following conclusions can be obtained:

1) Financial Target has a significant positive effect on fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to achieve financial targets indicates the occurrence of financial statement fraud as evidenced by a significance value smaller than 0.05, which is 0.000.
2) Financial Stability does not affect the fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to achieve financial stability does not indicate financial statement fraud, as evidenced by a significance value greater than 0.05, which is 0.9809.
3) Change In Director does not affect the fraud of financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to achieve changes in directors does not indicate financial statement fraud, as evidenced by a significance value greater than 0.05, which is 0.6700.
4) Ineffective Monitoring does not affect the fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to achieve an increase in company size does not indicate financial statement fraud, as evidenced by a signification value greater than 0.05, which is 0.8334
5) Nature Of Industry has no effect on fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to manage accounts receivable does not indicate financial statement fraud, as evidenced by a signification value greater than 0.05, which is 0.8167.
6) Change In Auditor does not affect the fraud of financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to achieve audit turnover does not indicate financial statement fraud, as evidenced by a significance value greater than 0.05, which is 0.9244
7) The Frequent Number of CEO's Picture does not affect the fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's

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ability to post a photo of the CEO does not indicate financial statement fraud, as evidenced by a signification value greater than 0.05, which is 0.4095.

8) Government projects have no effect on fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability in government projects does not indicate financial statement fraud, as evidenced by a significance value greater than 0.05, which is 0.6854.
9) Political Connection has no effect on fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability to connect with the government does not indicate financial statement fraud, as evidenced by a signification value greater than 0.05, which is 0.7545.
10) State Owned Enterprises has no effect on fraudulent financial statements of energy companies listed on the IDX for 2020-2022. The company's ability in government ownership does not indicate financial statement fraud, as evidenced by a signification value greater than 0.05, which is 0.9592.
11) The effect of the Audit Committee moderating the Financial Target on Financial Statement Fraud, this result shows that the audit committee's variables weaken financial targets against the potential for financial statement fraud.
12) The effect of the Audit Committee moderating Financial Stability on Financial Statement Fraud, this result shows that the audit committee's variables weaken ACHANGE against the potential for financial statement fraud.
13) The effect of the Audit Committee moderating Change in Director on Financial Statement Fraud, this result shows that the audit committee's variables weaken DCHANGE on the potential for financial statement fraud.
14) The effect of the Audit Committee moderating ineffective Monitoring on Financial Statement Fraud, this result shows that audit committee variables weaken BDOUT against the potential for financial statement fraud.
15) The effect of the Audit Committee moderating the Nature of Industry on Financial Statement Fraud, these results show that audit committee variables weaken NOI on the potential for financial statement fraud.
16) The effect of the Audit Committee moderating Change in Auditors on Financial Statement Fraud, these results show that audit committee variables weaken CPA against the potential for financial statement fraud.
17) The effect of the Audit Committee moderating the Frequent Number of CEO's Picture on Financial Statement Fraud, this result shows that audit committee variables weaken CEOPIC against the potential for financial statement fraud.
18) The effect of the Audit Committee moderating Government Projects on Financial Statement Fraud, this result shows that audit committee variables weaken PROPEM against the potential for financial statement fraud.
19) The effect of the Audit Committee moderating the Political Connection on Financial Statement Fraud, this result shows that the audit committee's variables weaken POLCON against the potential for financial statement fraud.
20) The effect of the Audit Committee moderating State Owned Enterprises on Financial Statement Fraud, this result shows that audit committee variables weaken SOE against the potential for financial statement fraud.

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