

CAN AUDIT QUALITY MODERATE THE FRAUD HEXAGON ON FINANCIAL REPORT FRAUD IN CONSUMER CYCLICALS SECTOR?

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Abstract

The goal of the present study is to collect empirical evidence regarding the Factors in The Hexagon Theory of Fraud that. able detect fraudulent financial statements The case study of the Consumer Cyclical Sector on the IDX in the range of 2020-2022 is used in testing the Fraud Score model. In this analysis, 89 Consumer Cyclical companies serve as samples, purposeful sampling is used to select samples, Fraud with financial statements (KLK) is a dependent factor in this investigation. The independent variables used are financial targets, financial stability, external pressure, CEO education, political connections, state-owned enterprises, external auditors, rationalization, and CEO duality. EVIEWS version 13 testing software was used for data analysis of. analysis of multiple linear regression. Audit quality is able to moderate the impact of ROA, ACHANGE, LEV, RAS and CEO duality on the potential for falsified accounts payable. Although audit quality cannot lessen the impact of CEO education, political connections, SOE, government projects, on indications of fraud on financial statements.

Keywords: Fraud Hexagon, Audit Quality, Financial Report Fraud

1. Introduction

Deception occurs when a person intentionally misleads others by concealing, omitting, or altering information with the intent to deceive in order to gain an advantage for themselves. There is a common misconception that only rich countries have to deal with incidents of fraud; in fact, many poor countries, including Indonesia, also face many instances of violations. This is a result of the unstable global economic conditions over the past few years, including the impact of the US central bank's plans, fluctuations in the global oil price per barrel, and the world's conflict of interest, all of which have a direct impact on the state of Indonesian industry. Various government economic policy packages failed to increase consumer purchasing power. Cases of alleged corruption in government agencies that include many officials, at the central or even regional levels are examples of fraud that occurs in the public sector, and the fraud scandals reported have spread significantly (Utomo, 2015). According to Brenan and McGrath (2007), financial statement fraud occurs when important information is left out of financial statements or misstated in an attempt to mislead readers).

The Fraud Hexagon Theory builds on the foundations laid by the Fraud Pentagon, Fraud Triangle, and Fraud Diamond theories. Due to the growing number of potential motivations for fraudulent behavior, the fraud hexagon was chosen for its ability to present a more comprehensive view. This is due to the fact that the six factors in this theory - pressure/stimulus, chance, aptitude, conceit, justification, and collusion - are more nuanced compared to previous fraud theories. This study also sought to evaluate the

effectiveness of each proxy element in detecting false financial statements by applying the fraud hexagon theory. The findings from this study will likely be applied in the future to evaluate the effectiveness of a company's internal control measures connected to financial statement fraud. (Vousinas, 2019).

Financial reporting can be damaged or become inaccurate if fraud, which is always a deliberate act, is not detected during an audit. And cause huge financial losses to the business. An incident at PT Kimia Farma Tbk (PT KF) in Indonesia can serve as an illustration. Shares of PT KF, a state-owned company, can be bought and sold on the capital market. The Ministry of SOEs and Bapepam found signs of financial statement misstatements that led to an overstatement of Rp 32.7 billion (24.7% of net profit and 2.3% of revenues) for the year ended December 31, 2001. This discrepancy occurred because the Production Director approved inflated inventory prices when calculating the value of PT KF's distribution unit inventory as of December 31, 2001, which led to overstatements of sales and inventory in three separate business units. PT KF's leadership also managed to increase sales by 100% in two different departments. The units that experienced double recording were not included in the audit random sample.

The governing board of directors establishes the financial objectives, aiming to maximize the business's return on investment (ROI) and maximize shareholder value. Return on assets (ROA) is a frequently used statistic to determine pay matters, such as bonuses and salary increases, and to assess the efficacy of firm management. (Skousen, CJ & Wright, 2009). Partially, Financial statement fraud is positively impacted by financial objectives, per to (Agusputri and Sofie 2019). KLK can be reduced by setting financial goals. Considering this description, it seems that the higher the ROA realized by a business, The larger the likelihood that the company will carry out KLK practices. Financial statement manipulation is driven by higher financial targets in the company, as shown by the research of Septriyani & Handayani (2018) and Faradiza (2018).

Stability in the face of economic uncertainty is a key indicator of a company's financial health. When a business is healthy and growing, its share price will rise in the eyes of investors. By engineering data on growth in the worth of the business's assets, the corporation hopes to improve its already promising future (Skousen, C. J. & Wright, 2009). Therefore, the percentage of variations in total assets (ACHANGE), which is the difference the difference between the company's total assets during the current period and its total assets during the preceding period, can be used to infer the company's financial stability. The value of the company's assets is an indication of the company's financial health and potential in the future period (Rahmanti, 2013). If a business has a high asset ratio, it will increase the possibility of the company being involved in some form of KLK (Faradiza, 2019). Partially, Financial statement fraud is positively impacted by financial stability.

When there is too much outside demand, or "external pressure", it is difficult for management to achieve organizational goals. Additional debt can be seen as excessive pressure from outside sources to stay competitive (Skousen, C. J. & Wright, 2009).

To reassure investors and creditors that their money will be returned, company management will feel pressured to present financial information as accurately as possible. Due to the pressure to meet the expectations of outsiders, managers will be tempted to work on KLK in order to maintain the appearance of good financial statements.

When deciding whether or not to extend credit to a business, the leverage ratio is a key metric. A high level of leverage is associated with increased credit risk for the business, lenders will be more hesitant to lend money if they see a significant level of risk associated

with it. This is how companies can deceive investors and obtain financing obtained by use of fraudulent financial representations. This is in line with the results of studies conducted by Quraini & Rimawati (2018), Tessa & Harto (2016), and Tiffani & Marfuah (2015). So, partially external pressure has an advantageous impact on financial statements that are fake.

Education is a process of things that have been passed. Education is inseparable from one's success. One form of human resources is a person's level of education, as stated by Pardoen (1998). A highly educated person will be wiser in making decisions and aware of his ethical obligations. The future success (especially financial performance) of an organization depends on the ability of its leaders to recognize, analyze, and take advantage of all opportunities. (Jannah, 2017). In Indonesia, those who commit fraud often have at least a bachelor's degree, according to a 2016 survey conducted by the Indonesian government. This finding is consistent with the 2018 ACFE Report, which found that the majority of fraud perpetrators have a bachelor's degree or higher. While those who commit fraud often have a bachelor's degree, those who benefit from the falsified financial statements usually have no more than a master's degree. Managerial characteristics, including the CEO's level of education, have been associated with KLK (Troy, 2003). So, partially the reduction of financial statement fraud is facilitated by CEO education.

Political connections are personal or professional contacts with public officials. Meanwhile, politically connected businesses are businesses that have or actively establish relationships with politicians and government. (Purwoto,2011). In times of financial distress, firms with strong political ties can more easily obtain bank loans and government contracts, and they are also more likely to get bailouts from the government (Chaney et al., 2011). According to a study conducted by Faccio et al. (2006), firms with political ties perform worse than those without. Misallocation of investment and cooperation is a possibility when officials divert resources to favored firms, which can lead to poor firm performance. In addition, businesses that have political influence will find it easier to get bank loans. So, partially financial statement fraud is positively impacted by political ties.

Companies in which the government holds majority or full ownership are known as stated owner enterprises or state-owned enterprises (SOEs). According to Wahab (2011), SOEs refer to businesses owned by the state or local government. Companies owned by the government have the security of knowing that their finances are secured in the event of a disaster. (Hope, 2013). Due to the profits, they enjoy, government-owned businesses may pay less attention to their operations and receive less oversight. In addition, the government's ability to act as regulator, enforcer and asset owner opens up opportunities for special treatment for government-owned businesses. The lack of internal controls in government-owned enterprises is the cause of their poor financial performance (Shawtari et al., 2017). This is in line with the opinion expressed by Gaio & Pinto (2018), which states that the low quality of accruals in government-owned companies is due to the fact that their unique relationship with the government allows the concealment of financial statement fraud through earnings management and financial statement manipulation. Therefore, it is believed that government-owned companies are subject to weak supervision and can commit fraud through means such as cooperation and manipulation of financial statements. So, partially state-owned enterprises have A decrease in the deception of financial statements.

A scenario where there is insufficient managerial oversight is known as ineffective monitoring. system for company activities. Management will be more likely to commit

fraud if supervision is weak. Skousen, C. J., & Wright, 2009. A good supervisory mechanism can help reduce the prevalence of fraudulent practices. The possibility of fraud decreases as the effectiveness of business supervision increases, and this is thought to occur due to the role of the independent board of commissioners (Apriliana & Agustina, 2017). Therefore, it is believed that there is a correlation between weak supervision and poor internal control on management performance, which in turn increases the likelihood of incorrect financial reporting. The research results of Sulkiyah (2016) and Agusputri & Sofie (2019) supports this conclusion. So, partially Fraudulent financial statements benefit from little oversight.

Collaboration with government programmes is an agreement reached by government and business (Sagala & Siagian, 2021). Through this collaboration, companies can participate in projects and earn significant amounts of money. The company's improved performance will also be seen in its financial statements (Sari & Nugroho, 2020). When businesses experience financial difficulties, the government will find it easier to provide bailouts (Mukaromah & Budiwitjaksono, 2021). The company will also benefit from this. It is therefore possible to develop the following hypothesis based on this description: The likelihood of fake financial statements is positively impacted by collaboration with government initiatives.

Rationalization is a reason made by dishonest people for their dishonest behavior. Fraudsters will go to great lengths to hide their fraudulent activities. Subjective assessment rationalization is a method used by fraudsters (Skousen, C. J., & Wright, 2009). The accrual value of the company will reflect evaluations and choices made subjectively. Because the accrual approach is more reasonable and fairer, it is used as the basis for preparing financial statements (Septriyani & Handayani, 2018). Because the value of accruals is greater than cash, as stated by Beneish (1999), significant earnings manipulation may occur. So, partially financial statement fraud is positively impacted by rationalization.

A CEO dualist is a someone who has the role of CEO. while simultaneously running another position in a company. An arrogant CEO can abuse his position of authority by engaging in fraudulent behavior because he believes that he can get away with it. According to Crowe (2011), CEOs are more likely to brag about their position in the organization because they are afraid of losing it. According to Yang et al. (2017), poor corporate governance is the result of having CEO duality. This is because there is no way for the CEO to remain objective in his role as a watchdog. Firm value will fall as a result of this poor governance; therefore, it is important to divide responsibilities so that the supervisory process runs more smoothly. The power of CEO power and the autonomy of the board of directors are both compromised by appointing a co-CEO. reducing the autonomy of the board of directors (Sasongko & Wijayantika, 2019). So, partially The presence of CEO duality reduces financial statement fraud.

The capacity of an auditor to foresee, locate, and communicate the audit process' outcomes is known as auditor quality. Audit quality, according to DeAngelo (1981), is the potential for an auditor to identify fraud in the financial statements of the client and communicate the audit's findings.

2. Theoretical Background

2.1 Agency Theory

As per the agency hypothesis initially put forward by Jensen and Meckling in 1976, an agency relationship is formed when shareholders (principal) hire management (agent) and give discretionary authority over the business. As contractual agents, management is

responsible for reporting all activities and decisions to the business's proprietors. Agency conflict (agency theory) refers to the tension that naturally arises between the interests of shareholders and those of management. Two causes of agency disputes are the inability of the principal to assess the performance of the agent and the existence of differences in objectives between the principal and the agent (Eisenhardt, 1989).

2.2 Fraud

Mark F. et al. (2017) define fraud as "a series of behaviors that are done with the intention that these actions can trick others for personal gain." Sorunke (2016) defines fraud as any behavior or process that involves deception or deliberate concealment of errors or irregularities to cover up illegal or unethical behavior, such as omitting relevant details or providing misleading information.

2.3 Financial Statement Fraud

which will be abbreviated as (KLK) According to Mark F et al. (2017), can occur when accounting records are altered, falsified, or manipulated, falsified financial statements can have a significant impact on the economy and markets. False or misleading financial statements can cause investors to lose a lot of money and damage investor confidence.

2.4 Fraud Hexagon Model

The six parts of the fraud hexagon are as follows: stimulation (pressure), ability (ability), cooperation (collusion), opportunity (opportunity), rationalization (rationalization), and ego. When the fraud triangle, fraud diamond, and fraud pentagon theories are expanded with the addition of the secret cooperation element, six components will be obtained that form the fraud hexagon hypothesis. The names of the constituent parts are the difference between this theory and other theories, this theory reuses concepts from previous frameworks but gives them new names. In this theory, the term stimulus refers to the pressure component in the same way that Cressey Donald (1953), DT Wolfe & Hermanson (2004), and Marks (2011) describe pressure. In addition, Marks (2011) has previously described the ego component, which has the same meaning as hubris, in the cheating pentagon hypothesis. The collusion element is a new aspect of the fraud hexagon idea.

2.5 Financial Statement Fraud

as a Financial Crime Effort Agusputri and Sofie's (2019) research confirmed the beneficial impact of ROA on accounting irregularities. has a good impact on the issue of KLK.

2.5.1 Financial Statement Fraud and its Effect on Financial Stability

According to Faradiza (2019), there is a correlation between the ratio of changes in total assets and the potential for KLK. has a positive impact on the issue of KLK.

2.5.2 External Pressure on Financial Statement Fraud

Quraini & Rimawati (2018), Tessa & Harto (2016), and Tiffani & Marfuah (2015) This shows that there is a greater possibility of KLK by management when the leverage ratio is higher. Has a positive influence on KLK.

2.5.3 CEO Education on Financial Statement Fraud

There is a positive correlation between the CEO's education level and the likelihood of self-beneficial fraud in the company's financial statements. Troy (2003) and Ying & Yeung (2014). positive effect on financial statement fraud.

2.6 Political Connection to KLK Companies

with political ties to officials may be more likely to falsify their financial statements. Previous research by Matangkin et al. (2018), Ding et al. (2014), and Fan et al. (2007) all support this statement. positive effect on KLK.

2.7 Government enterprises

According to Gaio & Pinto (2018), have lower accrual quality because their unique relationship with the government makes it easier to hide misleading financial statements using means such as financial statement manipulation and earnings management. This has a positive impact on KLK.

2.8 When supervision is poor

internal controls over management actions become less robust, thus increasing the likelihood of financial statements being falsified. This conclusion is in line with the findings of Sulkiyah (2016) and Agusputri & Sofie (2019) research. help prevent accounting irregularities.

2.9 Fraud in Financial Statements and External Auditor Quality Audits

carried out by big four KAP companies are more thorough and better able to find signs of fraud. Fraud in financial statements will have a negative impact.

2.10 KLK Rationalization.

According to Septriyani and Handayani (2018), the total accrual ratio can be used to characterize management justification in following accrual rules. Management commits fraud by manipulating numbers to make the company look successful. So, it makes sense that an increasing total accrual ratio indicates an increasing likelihood of financial statement fraud. have a positive impact on the prevalence of dishonest financial reporting.

2.11 CEO Duality

is related to the potential for corporate KLK due to the dual position of the CEO. This finding has the support of previous research, namely the study by Yang et al. (2017) and also research by Yusof et al. (2015). The results of this study concluded that CEO Duality has a positive impact on the incidence of manipulation in financial reporting.

2.12 Audit Quality.

moderating variables may be used to support the fraud hexagon and demonstrate the possibility of financial statement fraud. Audit Quality is the moderating variable employed in this investigation. This study adopts the same proxy for the size of the public accounting firm as Sintabela and Badjuri's (2023) research, which makes the assumption that Big Four KAP auditors have comparatively superior audit quality than non-Big Four KAP. As a result, businesses whose financial accounts are examined by KAP Big Four will have more credibility and reliability. In addition to spotting recording problems in the financial accounts, auditors can prevent financial statement fraud by making criminals fearful and less likely to consider committing fraud

3. Methods

3.1 Population and Sample

This study focuses on businesses that have been listed on the IDX and operate in the non-primary consumer goods sector in 2020 and 2022 as research subjects. Secondary sources of information sourced from the IDX and the company's official website are used as the basis for analysis. The purposive sampling method, in which the sample is

determined based on pre-defined criteria, was applied to collect the data required for this investigation. The total number of participants and sampling criteria for this study are detailed below:

- a) Consumer Cyclical sector companies listed on the IDX in 2020-2022
- b) Consumer Cyclical sector companies that are consistently listed
- c) Consumer Cyclical sector companies that publish financial statements
- d) Consumer Cyclical Sector Companies that made a profit in 2020-2022

Purposive sampling followed by a 2-year screening process, resulting in a total of 156 issuers as research objects.

3.2 Measurement and Operational Definition of Variables

3.2.1 Dependent Variable

KLK is the dependent variable in this study. Similar to the research conducted by Siddiq et al. (2015), we use earnings management through the modified Jones model as a proxy for financial statement fraud.

3.2.2 Independent Variable

Independent variables are conditions that act on the dependent variable. The independent variables in this study will be explained in the table below: ROA, ACHANGE, LEV, PENDCEO, POLCONN, BDOUT, KAP, RAS, CEODUAL.

3.3 Data Analysis Method

The analysis of multiple linear regression equations in the form of this study can be described as below:

$$DA_{it} = \alpha + \beta_1 ROA + \beta_2 ACHANGE + \beta_3 LEV + \beta_4 PENDCEO + \beta_5 POLCONN + \beta_6 SOE + \beta_7 BDOUT + \beta_8 KAP + \beta_9 RAS + \beta_{10} CEODUAL + e$$

Where:

α	= Constant
β_1 - β_6	= Regression Coefficient
DA_{it}	= Financial Statement Fraud
ROA	= Financial Target
ACHANGE	= Financial Stability
LEV	= External Pressure
PENDCEO	= CEO Education
POLCONN	= Political Connection
SOE	= State-owned Enterprises
BDOUT	= Ineffective Monitoring
KAP	= External Auditor Quality
RAS	= Rationalization
CEODUAL	= CEO Duality

3.4 Common Effect Model (CEM)

Time series and cross-section data are combined in a very simple panel data model. Estimation is done using the Ordinary Least Squares (OLS) method. This model assumes that firm data behaves consistently throughout the time period without taking into account the temporal dimension or the dimension between individuals.

3.5 Fixed Effect Model (FEM)

Each person is treated as an unknown parameter in this model, and it is assumed that differences between people can be taken into account by adjusting the intercept. Therefore, this model uses a dummy variable strategy to estimate panel data and accounts

for changes in intercepts between firms. Variations in the intercepts may be the cause. However, the gradient between firms does not change.

3.6 Random Effect Model (REM)

Unemployment variables with potential temporal associations are included in this model. The Generalized Least Squares (GLS) technique should be used. To deal with the autocorrelation of coefficients and the correlation of observations with their variances, GLS is employed. The Error Component Model (ECM) allows for variations in the intercept.

3.7 Selection of Panel Data Regression Model Technique

- a) chow test
 Performed to test between the common effect model and the fixed effect model.
- b) Hausman Test
 This test is carried out to test whether the data is analyzed using a fixed effect model or a random effect model.
- c) LM test
 Done to test whether the data is analyzed using a random effect model or CEM.

3.8 Regression analysis with MRA (Moderated Regression Analysis)

The association between the independent variable and financial statement fraud is examined using Moderated Regression Analysis (MRA) to see if the audit quality variable may mitigate or strengthen it

4. Results and Discussion

4.1 Descriptive analysis results

By calculating the mean, low, high and standard deviation for each variable in this study, the descriptive analysis provides a summary of the information collected. The KLK is the focus of this investigation. The dependent variables include state ownership, ineffective supervision, external auditor quality, rationalization, and CEO duality, while the independent variables are financial objectives, financial stability, external pressures, CEO education, political ties, and state-owned companies.

Table 1. Descriptive statistical test results

	DAIT	ROA	ACHANGER	LEV	PNDCEO	FOLCON	SOE	PROPEM	RAS	CEODUAL	KAP
Mean	-0.028219	-0.096476	28.57475	2.073242	0.513109	0.498127	0.509363	0.475655	-0.139958	0.505618	0.501873
Median	-0.047804	-0.000600	-0.001165	0.421600	1.000000	0.000000	1.000000	0.000000	-0.030034	1.000000	1.000000
Maximum	5.669625	0.321391	7618.716	103.5556	1.000000	1.000000	1.000000	1.000000	1.381400	1.000000	1.000000
Minimum	-2.289150	-7.898500	-8.098500	0.001200	0.000000	0.000000	0.000000	0.000000	-9.190800	0.000000	0.000000
Std. Dev.	0.445369	0.662377	466.2558	9.980174	0.500767	0.500935	0.500851	0.500345	0.749576	0.500907	0.500935
Skewness	8.065902	-8.759024	16.24814	7.225453	-0.052452	0.007491	-0.037460	0.097494	-8.886601	-0.022473	-0.007491
Kurtosis	107.2381	89.36142	265.0027	60.15682	1.002751	1.000056	1.001403	1.009505	94.57916	1.000505	1.000056
Jarque-Bera	123774.8	86387.59	775428.4	38667.50	44.50008	44.50000	44.50002	44.50101	96816.74	44.50000	44.50000
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	-7.534439	-25.75918	7629.458	553.5556	137.0000	133.0000	136.0000	127.0000	-37.36889	135.0000	134.0000
Sum Sq. Dev.	52.76198	116.7058	57826939	26494.63	66.70412	66.74906	66.72659	66.59176	149.4557	66.74157	66.74906
Observations	267	267	267	267	267	267	267	267	267	267	267

Source processed data (2022)

The above table indicates that the financial statement fraud variable has a more diverse or heterogeneous data distribution since the standard deviation value of DAit is 0.4453 larger than the average value. For ROA, ACHANGE, LEV, PROPEM, and RAS, the standard deviation value is greater than the average value. This could mean that there is a significant discrepancy in data between one set of data and another and that these variables have a diverse or heterogeneous data distribution. The data distribution for the PENDCEO, SOE, CEODUAL, and KAP variables is homogenous or does not fluctuate when PNDCEO, SOE, CEODUAL, AND KAP are less than the average value.

4.2 Hypothesis test (t test)

Table 2. t Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.094331	0.065730	-1.435137	0.1525
ROA	1.772257	0.320430	5.530876	0.0000
ACHANGER	-0.119176	0.057769	-2.062967	0.0402
LEV	0.091956	0.015314	6.004739	0.0000
PNDCEO	0.050784	0.058758	0.864283	0.3883
FOLCON	0.080091	0.087279	0.917647	0.3597
SOE	-0.124454	0.087032	-1.429982	0.1540
PROPEM	-0.111729	0.057811	-1.932657	0.0544
BDOU	-0.119430	0.136433	-0.875375	0.3822
RAS	-0.923074	0.118117	-7.814891	0.0000
CEODUAL	0.121405	0.057458	2.112943	0.0356
ROA_KAP	-1.745247	0.382497	-4.562774	0.0000
ACHANGE_KAP	0.119147	0.057769	2.062469	0.0402
LEV_KAP	-0.100555	0.015592	-6.449095	0.0000
PND_KAP	-0.059641	0.078098	-0.763668	0.4458
FOLCON_KAP	-0.019290	0.119441	-0.161499	0.8718
SOE_KAP	0.176502	0.117428	1.503062	0.1341
PROPEM_KAP	0.078100	0.078737	0.991907	0.3222
BDAUT_KAP	0.173518	0.148962	1.164845	0.2452
RAS_KAP	0.762809	0.215530	3.539217	0.0005
CEODUAL_KAP	-0.174523	0.078449	-2.224673	0.0270

In table 2, the hypotensive results are as follows:

4.2.1 The relationship between ROA and financial statement fraud

In the t-statistic value of the ROA, which is 5.5308, and the t-table value 1.65. Consequently, the prob value of 0.0000 < 0.05 and the t-statistic value (5.5308) > t table (1.65). Therefore, based on these findings, it can be said that this study's roa has an impact on financial statement fraud.

4.2.2 Achanger's effect on financial statement fraud.

In t-table value of 1.65 and the t-statistic result of a change of -2.06. Consequently, the prob value of 0.0402 < 0.05 and a t-statistic value (-2.06) < t table (1.65). Thus, based on these findings, it can be said that modifications to this research may have an impact on financial statements that are dishonest. falsified financial reports.

4.2.3 Lev's effects on financial statement fraud.

In the t-statistic value of the lev of 6.004 and the t-table value 1.65. As a result, the prob value of 0.0000 < 0.05 and the t-statistic value (6.004) > t table (1.65). Thus, it may be inferred from these findings that participating in this research has an impact on false financial statements.

4.2.4 The influence of PNDCEO on fraudulent financial statements.

In the t-statistic value of the pndceo, which is 0.8642, and the t-table value 1.65. As a result, the prob value of 0.3883 > 0.05 and the t-statistic value (0.8642) < t table (1.65).

Therefore, pndceo in this study had no influence on financial statement fraud, according to the data.

4.2.5 How the SOE affects financial statement fraud.

The t-statistic value of -1.4299 and the t-table value of 1.65 indicate. Consequently, the prob value of $0.1540 < 0.05$ and the t-statistic value $(-1.4299) < t$ table (1.65). Therefore, based on these findings, it can be said that the study's sample size has no impact on false financial statements.

4.2.6 The impact of propem about fraud in financial statements

In the t-statistic value of the propem of -1.9326 and the t-table value 1.65. Consequently, the prob value of $0.0544 < 0.05$ and the t-statistic value $(-1.9326) < t$ table (1.65). Therefore, based on these findings, it can be said that propem in this investigation has no bearing on financial statements that are dishonest.

4.2.7 The impact of bdout about fraud in financial statements

In the t-statistic value of -0.8753 for the bdout and the t-table value 1.65. Consequently, the prob value of $0.3822 < 0.05$ and the t-statistic value $(-0.8753) < t$ table (1.65). Therefore, it may be inferred from these findings that bdout in this investigation has no bearing on financial statements that are dishonest.

4.2.8 The impact of ras about fraud in financial statements

In the t-statistic value of -7.8148 for race and the t-table value 1.65. Consequently, the prob value of $0.000 < 0.05$ and the t-statistic value of $-7.8148 < t$ table (1.65). Thus, based on these findings, it can be said that ras in this research has an impact on financial statements that are false.

4.2.9 The impact of ceo dual about fraud in financial statements

Drawing from the findings of the t-table value of 1.65 and the cumulative t-statistic value of 2.1129. Consequently, the prob value of $0.0356 < 0.05$ and the t-statistic value $(2.1129) > t$ table (1.65). Therefore, based on these findings, it can be said that the study's CEO dual effect on false financial statements.

4.2.10 The impact of audit quality moderates roa about fraud in financial statements

In the findings of the t-table value of 1.65 and the value of the t-statistic of roa_kap of -6.44. Consequently, the prob value of $0.0000 < 0.05$ and the t-statistic value $(-6.44) < t$ table (1.65). Thus, it can be inferred from these findings that audit quality has the ability to reduce the risk of financial statement fraud.

4.2.11 The impact of audit quality moderates achange about fraud in financial statements

In the t-table value of 1.65 and the achange_kap t-statistic worth of 2.0624. As a result, the prob value of $0.0402 < 0.05$ and the t-statistic value $(2.0624) > t$ table (1.65). Thus, it may be inferred from these findings that the quality of the audit can attenuate a shift in misleading financial statements.

4.2.12 The impact of audit quality moderate's lev about fraud in financial statements

In the t-table value of 1.65 and the LEV_KAP t-statistic score of -6.44. Consequently, the prob value of $0.0000 < 0.05$ and the t-statistic value $(-6.44) < t$ table (1.65). Thus, it

can be inferred from these findings that audit quality has the ability to reduce the incidence of financial statement fraud.

4.2.13 The impact of audit quality moderates pndceo about fraud in financial statements

In the value of the t table and the pnd_kap t-statistic value of -6.44.1.65 As a result, the prob value of 0.4458 > 0.05 and the t-statistic value (-6.44) < t table (1.65). Therefore, based on these findings, it can be said that audit quality cannot mitigate financial statement fraud.

4.2.14 The impact of audit quality moderates folcon about fraud in financial statements

Drawing from the folcon_kap t-statistic value of -0.1614 and the t table value of 1.65, Consequently, the prob value of 0.8718 > 0.05 and the t-statistic value (-0.1614) < t table (1.65). Therefore, it may be inferred from these findings that audit quality is unable to mitigate financial statement fraud.

4.2.15 The impact of audit quality moderates soe about fraud in financial statements

In the value of the t table and the soe_kap t-statistic value of 1.5030.1.65 As a result, the prob value of 0.1341 < 0.05 and the t-statistic value of 1.5030 > t table (1.65). Thus, it may be inferred from these findings that audit quality is unable to mitigate financial statement fraud.

4.2.16 Financial statement fraud is moderated by the effect of audit quality.

In the value of the t table and the propem_kap t-statistic value of 0.99.1.65 Consequently, the prob value of 0.3222, > 0.05, and the t-statistic value (0.99) > t table (1.65). Therefore, based on these findings, it can be said that financial statement fraud cannot be moderated by audit quality.

4.2.17 The impact of audit quality moderates bdout about fraud in financial statements

In the value of the t table and the bdout_kap t-statistic value of 1.16.1.65 As a result, the prob value of 0.2452 > 0.05 and the t-statistic value (1.16) < t table (1.65). Therefore, based on these findings, it can be said that audit quality cannot reduce financial statement fraud risk.

4.2.18 The impact of audit quality moderates ras about fraud in financial statements

Drawing from the t-statistic value of 3.53 for ras_kap and the t table value of 1.65, As a result, the prob value of 0.0005 < 0.05 and the t-statistic value (3.534) > t table (1.65). Thus, it can be inferred from these findings that audit quality has the ability to mitigate the fight against financial statement fraud.

4.2.19 The Impact of audit quality moderates ceodual about fraud in financial statements

In the t table value of 1.65 and the ceodual_kap t-statistic value of -2.22 As a result, the prob value of 0.0270 < 0.05 and the t-statistic value (-2.22) < t table (1.65). Therefore, based on these findings, it can be said that audit quality can reduce the likelihood of misleading financial statements.

5. Conclusion

The results showed that ROA, ACHANGER, LEV, RAS, CEODAL had a noteworthy and favorable impact on the likelihood Accounting statements fraud, ceo education,

political connections, soe, government projects, BDOUT had not much effect on the possibility of financial statement fraud. Audit quality is able to moderate the effect of ROA, ACHANGE, LEV, RAS and Ceodual on the possibility of falsified financial statements. While audit quality is not able to moderate the effect of CEO education, political connections, SOE, government projects, on signs of fraud in financial statements. As an agent, the company must present the company's financial statements in accordance with applicable standards and based on the actual condition of the company so that stakeholders in decision making are not harmed. Because these variables are identified in this study as factors that can, raise the possibility that financial statements are fake potential investors are expected to be more thorough and careful in examining changes or growth in assets, accounts receivable balances, revenue or profit, and audit quality of companies in the consumer goods industry. According to researchers, researchers should add or replace independent variables from other fraud hexagon elements. Future researchers can use other fraud on financial statements variables besides Beneish M-Score, such as F-Score, Erning management, or Financial Statement Re-Statement.

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