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CAN AUDIT COMMITTEE MODERATE FRAUD HEXAGON MODELS IN DETECT FRAUDULENT FINANCIAL REPORTS: AN EMPIRICAL STUDY OF PROPERTY AND REAL ESTATE SECTOR COMPANIES IN INDONESIA

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Abstract
This study seeks to provide empirical evidence of the impact of the Fraud Hexagon on fraudulent reports, with the Audit Committee serving as a moderating variable. The research focuses on companies in the property and real estate sectors listed on the Indonesia Stock Exchange 2020-2022 period. The object of this study is to examine the relationship between the elements of the fraud hexagon and financial statement fraud while considering the influence of the audit committee. This study employs regression analysis with MRA (modified regression analysis) for the purpose of data analysis. The findings of this study indicate that financial target, financial stability, external pressure, CEO education, nature of industry, CEO picture, audit opinion, and effective monitoring do not exert any influence on the likelihood of dishonest financial reporting. Simultaneously, alterations in leadership and political affiliations have an influence on deceitful financial statements within the property and real estate industries. Meanwhile, the audit committee can oversee the inadequate supervision of fraudulent financial reporting.

Keywords: Fraud Hexagon, Fraudulent Financial Report, Audit Commitee

1. Introduction

The audit committee is one of the most important parts of company governance because of the vital role it plays in preventing financial statement fraud. According to Broye and Johannes (2023), the audit committee must keep an eye on management and make sure the financial reports are accurate and trustworthy. The audit committee, by virtue of its engagement in the inner workings of the business, can spot instances of fraud that outside auditors might miss (Free, Trotman, and Trotman 2021; Ghafran, O'Sullivan, and Yasmin 2022). Financial statement fraud is rampant in banking companies, and this study intends to use the fraud hexagon theory's defined traits to make it worse. This study differs from others in that it employs an audit committee to determine the extent to which the committee influences the correlation between financial pressure, poor monitoring, changes in auditors and directors, haughtiness, conspiracy, and the expansion of financial statement fraud (Handoko and Natasya 2019; Elviani, Ali, and Kurniawan 2020; Sagala and Siagian 2021; Handoko 2021; Achmad, Ghozali, and Pamungkas 2022; Nugroho and Diyanty 2022; Heru 2019; Lastanti 2020; Ningsih and Reskino 2023; Thamlim and Reskino 2023; Puteri and Reskino 2023).

The Role of the Audit Committee in the Relationship Between Financial Targets and Financial Report Fraud

An audit committee's presence will mitigate instances of fraud in financial reporting. The audit committee can enhance oversight of management performance and ensure the

provision of accurate and exact reporting on corporate reports. Financial objectives, as measured by the level of profitability linked to fraudulent financial reporting, are driven by the desire of company directors or management to enhance performance and achieve corporate goals. Skousen suggests that managers can utilize the ROA metric to track variations in profit levels, which serves as an indicator of operational effectiveness in utilizing assets. By manipulating profits, managers aim to attract investor capital and boost the company's stock value. According to Skousen et al. (2008), management can commit fraud in financial reporting by manipulating the return on assets (ROA) ratio. This ratio measures the company's profitability relative to the resources it utilizes. Consequently, if the return on assets (ROA) increases, so does the financial objective. There are substantial indicators that the corporation is engaging in fraudulent activities in its financial reporting.

The Role of the Audit Committee in the Relationship Between Financial Stability and Financial Report Fraud. According to Wailan'An, Erlina, and Bakar (2019), corporate governance uses fake financial reports to show the business's stable financial status. Because the financial situation of the company explains how the Company earned profits and performed well during this period. A company's financial situation can put it at risk of bankruptcy. In this case a company audit committee is needed. If the audit committee's responsibilities are carried out effectively, the audit committee's role as a supervisor in the preparation of financial reports has a significant impact and can reduce the risk of fraudulent financial reporting.

The Role of the Audit Committee in the Relationship Between External Pressure and Financial Report Fraud. Agency theory explains that agents are given authority by the principal to manage the company, therefore managers have more in-depth knowledge regarding the condition of the company compared to shareholders, this results in various consequences. Agents receive external pressure from the principal to improve their company's performance. Therefore, the pressure from third parties felt by the company, especially managers, will want to enable financial statement fraud to occur. However, high levels of supervision from the audit committee can reduce the level of fraud within the company, especially those caused by external pressure felt by managers. This explains that the higher the company experiences excessive pressure and is supported by the company's audit committee in good condition, the more it can create a barrier for management not to commit financial statement fraud.

The Role of the Audit Committee in the Relationship Between Change of Director and financial statement fraud. Financial statement fraud might arise from an individual's capacity to execute this conduct. The goal of this change of directors, like the previous change of auditor, is to avoid discovering potential financial statement fraud by the previous directors. Hence, it is imperative for corporations to establish an audit committee that oversees and supports directors in fulfilling their responsibilities to promote effective corporate governance.

The Role of the Audit Committee in the Relationship between Nature of Industry and financial statement fraud. Weak internal controls in a company can result in the company being vulnerable to fraudulent financial reporting. Therefore, a mechanism is needed to supervise the financial reporting monitoring process. The monitoring process can be carried out by the audit committee. The formation of an audit committee by the company can help monitor the company's production activities, especially in the financial reporting process.

The Role of the Audit Committee in the Relationship between CEO Pictures and financial statement fraud. Companies that have audit committees have lower intensity earnings management activities compared to companies that do not have audit committees. The audit committee, through meetings held, is responsible for ensuring that the running of the company is in accordance with applicable regulations, that the company's operational activities are carried out ethically and that supervision is effective against possible conflicts of interest or acts of fraud.

The Role of the Audit Committee on the Relationship between Political Connections and fraudulent financial statements. In terms of political connections, the existence of an audit committee may moderate political connections as the influence of the fraud hexagon on fraudulent financial reports. Because the company that leads it has political connections and has the potential to take advantage of bad conditions for personal gain. So the audit committee is very important to check or enable financial report fraud by manipulation.

The Role of the Audit Committee in the Relationship between Audit Opinion and financial statement fraud. Management tends to avoid its company receiving an unqualified audit opinion. This is because opinions other than unqualified will have a negative impact on the company. The opinion given by the auditor is very important as a basis for consideration by interested parties in making a decision (Kristiana, 2012). The audit committee can help the performance of independent auditors so that they do not come under pressure in providing opinions.

The Role of the Audit Committee on the Relationship between CEO Education and financial statement fraud. The audit committee division is required to carry out strict supervision in assisting the board of commissioners to supervise its board of directors to avoid fraudulent acts committed by its directors (Troy et al., 2011)

The Role of the Audit Committee in the Relationship between Ineffective Monitoring and Financial Report Fraud. By being overseen by an autonomous board of commissioners, it is anticipated that the corporation will be able to execute its operations efficiently and prevent any instances of fraud. Establishing an audit committee division inside the firm may effectively facilitate the adoption of good corporate governance (GCG) by ensuring the proper preparation of financial reports. The presence of an audit committee is expected to facilitate efficient oversight in order to identify fake financial statements (Santoso, 2019: 181 – 182).

2. Theoretical Background

2.1 Agency Theory (Agency Theory)

Agency theory is a theory that explains where there is a relationship between one or more people (principals) and another person (agent) in a contract to do what the principal orders and gives authority to the agent to carry out these orders to provide the best results for the principal (Jensen and Meckling, 1976). In this research, agency theory is used as an explanation of the relationship between principals and agents, where the principal is a shareholder and the agent is a manager. In practice, managers may not always act in accordance with the interests of the principal. It is very likely that there is a mismatch between the interests of the principal and the agent, which can result in information asymmetry, or unequal information held by shareholders and managers. According to Gudono (2009), agents have information advantages over principals (information asymmetry); therefore, agents tend to take actions that will make them profit while the principal suffers losses. From the explanation of agency theory regarding the existence of

different functions between principals and agents, new problems arise. The principal gives authority to the agent so that investors or shareholders cannot directly control the agent's performance. This results in managers' actions sometimes not being in accordance with what shareholders want, resulting in information asymmetry.

2.2 Fraud

Fraud is an act that uses lies intentionally and is criminal in nature with the aim of obtaining wealth for an individual/group and can harm other parties. According to Johnstone et al in Nurani & Oktavia (2017) states that fraud is an intentional activity in which there is deception by certain parties, causing false statements or misstatements in financial reports. Fraud can occur when people internal or external to the company support or motivate dishonest employees (Permatasari,2021). One example of fraud is fraud. According to Albrecht (2008), in general there are two categories of fraud. Organizational fraud is the first category. Employees, vendors, customers, and others are common perpetrators of this form of fraud. The second is management fraud, sometimes known as false financial reporting. Perpetrators of management fraud are usually high-ranking company officials, government officials, or commissioners. When a manager commits fraud, they commit fraud. They will act on behalf of the company even if they personally benefit in the process.

2.3 Financial Statement Fraud

According to Mark F et al. (2017), fraud is a variety of methods used to commit fraud with the aim of someone getting more benefit than another person through false representation. According to Sorunke(2016), fraud is an act or process of deception or concealment of intentional negligence or deviation from the truth such as breaking the law and acting unfairly.

2.4 Fraud Hexagon Model

The Fraud Hexagon Model is a theoretical framework that elucidates the underlying reasons behind a corporation or specific entity engaging in fraudulent activities. Donald R. Cressey created the fraud triangle, also known as Cressey's hypothesis, in 1953. Wolfe & Hermanson (2004) introduced a novel perspective called the fraud diamond, which includes a fourth element known as ability. Subsequently, Crowe (2011) enhanced the idea by including an arrogant element, resulting in its designation as the fraud pentagon. The fraud hexagon theory, which Vousinas (2019) developed and presented, is the most recent and comprehensive theory for identifying fraud. This theory incorporates a new element, specifically the sixth component, known as collusion. Vousinas (2019) suggests that once collaboration has taken place, particularly within workers or between employees and other entities, it becomes more challenging to prevent fraud. Therefore, this feature might unintentionally promote fraudulent activities.

2.5 Financial Target

Profitability is undoubtedly a goal that each organization strives to accomplish. Because the organization establishes overly ambitious objectives, financial targets are inevitable. In order for management to operate with maximum effectiveness and efficiency, stakeholders will evaluate the company's financial performance favorably if the board of directors' financial objectives are achieved (Riyanti 2021). According to the agency theory put forth by Jensen and Meckling (1976), shareholders' appreciation of

management's performance in the form of incentives is dependent on the accomplishment of predetermined objectives. It is the public, creditors, and investors who perceive a company's value to increase when it is in a stable financial state. In circumstances that jeopardize profitability, therefore, management will be compelled to engage in financial statement deceit.

2.6 Financial Stability

Skousen et al. (2009) argue that managers may feel pressured to engage in dishonest financial reporting when the company's financial situation is difficult due to economic conditions, industry, and operating scenarios. From the perspective of investors and customers, a company will look better if its finances are secure. However, when the economy weakens, investors may be willing to put their money in the market. As a result, management uses false financial reports to hide the company's precarious financial condition. Under pressure, management is more likely to falsify financial reports when the company's situation is critical (Sertiyani & Handyani, 2018).

2.7 External Pressure

Internal and external financial sources are generally required for business operations. The ratio of total liabilities to total assets is used as a proxy for market pressure. If a company has high financial leverage and it is risky to invest in that company. The greater the credit risk, the greater the reluctance of lenders to provide credit to the business world. As a result, companies may prepare misleading financial reports in order to appear legitimate in the eyes of creditors and potential investors (Agusputri & Sofie, 2019) but research by Septiyani and Handyani (2018) and Agusputri and Sofie (2019) regarding the impact of external pressure on fraudulent financial statements shows that reporting suffers decline.

2.8 Change of Director

Company may attempt to rectify the situation by reorganizing the board of directors or appointing new directors who are deemed more capable of operating the business if it is dissatisfied with the actions of the directors. Additionally, alterations to the board of directors may signify a political impetus to implement modifications. Conversely, it is frequently hypothesized that the induction of fresh directors will impede corporate progress due to the additional time required for their integration into the established organizational culture (Septiyani & Handayani, 2018).

2.9 Nature of industry

Opportunity is a condition that can arise due to the formation of opportunities to commit fraud (A. Aprilia, 2017). This can happen because fraudsters believe their actions cannot be detected. When their actions are discovered, they believe there will be no consequences (Pasaribu & Kharisma, 2018). One opportunity for fraudulent financial reporting to occur is the nature of the industry.

2.10 CEO Picture

CEO picture is an image of the Chief Executive Officer prominently included in the company's annual report. When a photograph of a Chief Executive Officer (CEO) is shown, it might be inferred that the CEO intends to enhance his public recognition. The CEO's hubris is evident in the numerous photographs he included in the annual report.

The CEO's haughty demeanor may lead him to believe that he can evade accountability towards his own personnel (Aprilia, 2017). Multiple studies, like those done by Bawekes et al. (2018), Rusmanto and Elfia (2020), and Utami and Pusparini (2019), indicate that the portrayal of the CEO has an impact on the capacity to identify instances of deceptive financial reporting. In contrast, Aprilia (2017) conducted a similar study and discovered that a significant proportion of photographs of firm CEOs did not enhance the nation's capacity to identify instances of financial crime.

2.11 Political connections

Financial statement fraud is more likely to occur if the company participates in government projects, and the risk of fraud is further reduced if the company does not participate in government programs.

2.12 Audit Opinion

According to Agoes Sukrisno (2012:74) Audit opinion is the auditor's professional consideration regarding the accuracy and completeness of financial reports. A dummy variable representing the auditor's opinion is used, with a value of 1 indicating that the company received a correct and fair opinion, without the exception of explanatory paragraphs, and a value of 0 indicates that the company received a different opinion from listeners. The auditor's opinion on the financial statements of the audited entity is called audit opinion. Relevance, wealth, and cash flow are all aspects of financial fairness. Fraudulent financial reporting can be influenced by the auditor's opinion, according to research by Kabila & Suryani (2019) and Ginting (2020).

2.13 CEO Education

What is meant by CEO education level is the level of education achieved by the person occupying that position. 51% who had a bachelor's degree or higher were also found to be fraudsters in the workplace (Association of Certified Fraud Examiners, 2016). CEOs with higher degrees may be more likely to commit fraud because they may be better equipped, with new skills, to exploit loopholes in the company's accounting practices and thereby exaggerate the company's financial information.

2.14 Effective Monitoring

Wijayani and Ratmono (2020) consider the board of commissioners to play the most important role in supervision and the proportion of independent commissioners is an indication of the extent to which they are responsible for overseeing overall management activities. As a neutral third party, the supervisory board arbitrates conflicts between management and shareholders. When board members are more objective, it is easier to recognize signs of wrongdoing. According to research by Agusputri and Sofie (2019), dishonesty in financial reporting increases when supervisory activities are weak. This theory is confirmed by this justification.

2.15 Audit committee

The board of commissioners established the audit committee to aid in the implementation and evaluation of the corporation's operational activities (Hermitasari et al., 2016). As per the norms set by the agency. The audit committee, in theory, is an integral component of the director's framework aimed at reducing agency expenses. Anggraini and Suryani (2021) specifically describe it as a system the director created to

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supervise agents. Shareholders' reliance on the audit committee's effectiveness is contingent upon the scrutiny of management's performance. The quality of financial reporting is contingent upon the effectiveness of the Audit Committee's work. An audit committee is anticipated to mitigate the use of improper management accounting practices and instances of fraud (Trisanti 2020).

3. Methods

3.1 Dependent Variable

Fraud in financial reports is the focus of this research. The Beneish M-Score model is used to measure the extent to which false information has been included in financial reports. Eight financial ratios shown in the following table are used in this model to detect fraud:

Table 1. Beneish M-Score Model

	Pengukuran
DSRI	Piutang t / penjualan t Piutang t-1/ penjualan t-1
GMI	Laba kotor-1 / penjualan -1 Laba kotor t / penjualan t
AQI	(1-((asset lancar t + asset tetap t)/total asset t)) (1-((asset lancar t -1+ asset tetap t -1)/total asset t-1))
SGI	Penjualan t Penjualan t-1
DEPI	(depresiasi t -1 / (asset tetap t-1 + depresiasi t-1)) depresiasi t / (asset tetap t + depresiasi t))
SGAI	SGA T/ Penjualan t SGA T-1/ Penjualan t-1
LVGI	Total liabilitas t / totas asset Total liabilitas t-1 / total asset -1
TATA	Laba usaha- arus kas operasional Total asset

The following formula explains the Beneish M-Score Model, which is derived by carrying out calculations with eight ratios (Fitri et al., 2019):

$$\text{M-Score} = -4{,}840 + 0{,}920\text{DSRI} + 0{,}528\text{GMI} + 0{,}0404\text{AQI} + 0{,}892\text{SGI} + 0{,}115\text{DEPI} - 0{,}172\text{SGAI} + 4{,}679\text{TATA} - 0{,}327\text{LVGI}$$

If the calculation is > -2.22, the company is considered to have committed fraud. If the calculated value is < -2.22, the company is declared not fraudulent. If there is evidence that the corporation falsified its financial statements, it will receive 1, but if there is no evidence, it will receive 0.

3.2 Independent Variable

The primary variable employed in this research inquiry is the fraud hexagon, which is measured by ten distinct components: financial target, financial stability, external pressure, change of director, nature of industry, CEO picture, political connection, audit opinion, CEO education, and effective monitoring. Following are the measurements of each independent variable:

Table 2. Independent Variable Measurements

Variabel	Pengukuran
Financial Target	ROA = Laba Bersih/Total Aset
Financial Stability	ACHANGE = Total Aset (t) - Total Aset (t-1)/ Total Aset (t-1)
External Presure	LEV = Total Liabilitas / Total Aset
Change Of Diractor	Variabel dummy, apabila terdapat pergantian direksi selama periode 2020 -2022 maka di berikan kode 1, sebaliknya diberi kode 0
Nature Of Industry	NOI = (Receivable/Sales)-(Receivable(t-1)/ Sales (t-1))
CEO Picture	Variabel dummy, apabila terdapat foto CEO diberi kode 1, sebalikanya diberi kode 0
Political Connection	Variabel dummy, apabila kepemilikan perusahaan dimiliki oleh pemerintah selama periode 2020 - 2022 di beri kode 1, sebalikanya
Opini Audit	Variabel dummy, apabila perusahaan memperoleh opini WTP diberi kode 1, begitu
CEO Education	Variabel dummy, apabila CEO berpendidikan D3 diberi kode 1, S1 kode 2, S2 kode 3, S3 kode 4
Effective Monitoring	BDOUT = Jumlah Komisaris Independen/Jumlah Dewan Komisaris

3.3 Moderating Variables

According to Sugiyono (2017:39), moderating variables are elements that can strengthen or weaken the relationship between the independent and dependent variables. This variable is alternatively referred to as the secondary independent variable. The research employs the Audit Committee as the moderating variable. The following are the measurements of the moderating variables:

Audit Committee variables can be calculated using the formula:

$$= \frac{\text{Number of Audit Committees}}{\text{Number of Commissioners}}$$

3.4 Sampling Method

The research uses a population consisting of IDX registered property and real estate companies in 2020-2022. The selection criteria for inclusion in the population are companies that have audited financial reports. The researchers used a purposive sampling technique to select participants who met the special criteria required for this research. The conditions mentioned above include:

a. Property and real estate companies that consistently publish annual reports in 2020-2022
b. Properties and real estate companies that experienced profits during the 2020-2022 period
c. Property and real estate companies that received an unqualified audit opinion during the 2020-2022 period

3.5 Panel Data Regression Estimation

In analyzing the data, panel data regression model is used. Several independent variables can be tested for their impact on one target variable with this methodology. This is how the numbers work:

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$$FFS = a + b1ROA + b2ACHANGE + b3LEV + b4DCHANGE + b5NOI + b6CEOPIC + b7CEODU + b8OA + b9CEOP + b10BDOUT + e$$

Description:

FFS	= Financial Statement Fraud
a	= Constant
b	= Regression coefficient
ROA	= Financial Target
ACHANGE	= Financial Stability
LEV	= External Pressure
DCHANGE	= Change of Director
NOI	= Nature of Industry
CEOPIC	= CEO Picture
COL	= Political Connection
OA	= Opini Audit
CEOP	= CEO Education
BDOUT	= Effective Monitoring

Panel data regression models can be done via the Common Effect Model, via the Fixed Effect Model, or via the Random Effect Model. The question that naturally follows is which of the three models is useful in establishing a panel data regression model that best suits the problem at hand. The optimal panel data regression model for a problem can be selected using one of the three special tests, as explained by Widarjono (2007: 258).

a. Common Effect Model (CEM)

Only time series and cross section data are combined in the panel data model, making it the simplest of the three. Estimations were carried out using the ordinary least squares (OLS) model.

b. Fixed Effect Model (FEM)

Each individual is regarded as a distinct factor in this model, with the assumption that their disparities may be accounted for by variances in their intercepts. This model employs dummy variable technique to estimate panel data in order to account for variations in intercepts across different organizations.

c. Random Effect Model (REM)

This model incorporates the possibility of the emergence of disturbance variables in temporal relationships. Generalized Least Squares (GLS) is the right technique to use. Generalized linear modeling (GLM) is a method for overcoming the problem of demand autocorrelation and correlation between observations for each variant.

Selection of Panel Data Regression Model Techniques is:

a. Test Chow

The Chow test compares the Common Effect method with the results of the Fixed Effect model, it can be seen which is superior for use in analyzing panel data.

b. Hausman test

The model obtained using the random effect model technique and the model obtained using the fixed effect model strategy were compared using the Hausman test in selecting the best panel data regression method. We start with the assumption that the error model is not related to a particular set of predictors.

c. Lagrange Multiplier (LM Test)

Widarjono (2007) suggests using the Lagrange multiplier test to compare models produced using the random effect model technique obtained through the common effect model approach when analyzing panel data for regression.

3.6 Multicollinearity Test

Whether the independent variables in the regression model are correlated or not is the motivation for carrying out the multicollinearity test (Ghozali, 2016). With the multicollinearity test, you can see whether the independent variables are correlated in regression modeling. If the standard error is high, then the t-count will be lower than the t-table when testing the coefficient. Of course, it shows the lack of a linear relationship between the independent and dependent variables. Pay attention to the tolerance and variance inflation factor (VIF) values in the regression model to test the hypothesis.

3.7 Heteroskedity Test

The regression model was tested for heterocidality to see whether the residuals had different records for each observation (Juliandi et al., 2014). The purpose of heteroscidity testing is to ascertain whether the residuals of the regression model experience undesirable dependence on other observation values. Because cross-sectional data typically capture information from a variety of sample sizes, including small, medium, and large samples, heteroscedasticity scenarios are common. To check heteroscedasticity, one can use:

a. Scatterplot graph or predicted value of the related variable, namely SRESID with residual error, namely ZPREED.
b. Breusch-Pagan test
c. Chi squere
d. Glejser test
e. ARCH Test

3.8 Hypothesis testing

Hypothesis testing involves analyzing data collected from experiments and from (uncontrolled) observations to reach conclusions. The significance of statistical results cannot possibly occur accidentally, considering several possibilities that have been determined. The null hypothesis is usually the starting point when deciding whether to conduct a hypothesis test or not. This is a test that determines whether the question given is in accordance with the null hypothesis or not.

3.9 F test

The purpose of the F test is to ascertain if the independent factors collectively exert an influence on the dependent variable. The F test is conducted to ascertain the impact of all independent factors on the dependent variable. A statistically significant F-value, defined as being less than 0.05, indicates that the independent factors together have a substantial impact on the dependent variable (Ghozali, 2016). Here are the guidelines for doing the F test (Ghozali, 2016):

a. If the calculated F statistical value is less than 0.05, it shows that (H0) can be rejected and supports the alternative hypothesis (H1). That's because each independent variable has a big influence on the dependent variable.
b. If the calculated F-statistic value is greater than the previous significance level, namely 0.05, then the null hypothesis (H0) is accepted. In this case, the alternative hypothesis (H1) states that elements outside the dependent variable do not play a role in forming it.

3.10 T test

Two independent samples taken from the same population are not significantly different from each other, in accordance with the null hypothesis of the t test (Sudjiono, 2010). By evaluating the T-statistic through the bootstrap process, we can see the significance level of the hypothesis test. If you are testing a hypothesis, you should only include results with a T-statistic of more than 1.96, while results with a T-statistic of less than 1.96 will be ignored (Ghozali, 2016). Consider the importance of coefficient tables when selecting options. General significance levels for testing regression results are 95% and 5% (= 0.05), respectively. Indicators used in statistics (Ghozali, 2016):

a. If the p value from the t-test is greater than 0.05, then the null hypothesis (H_0) is accepted, and the alternative hypothesis (Ha) is rejected. This implies that there is no visible relationship or impact between the independent variable and the dependent variable.
b. If the p-value of the t-test is less than 0.05, the null hypothesis (H_0) is rejected in favor of the alternative hypothesis (Ha). This implies that there is a relationship where the independent factor has an impact on the dependent variable.

3.11 Moderated Regression analysis (MRA)

Moderated regression analysis (MRA), also known as an interaction test, is a specific use of linear multiple regression. In MRA, the regression equation includes an interaction term, which is the product of two or more independent variables. The equation formula for MRA is as follows: (Liana, 2009: 93-94)

4. Results and Discussion

There are a total of 105 samples available for this research (35 companies x 2 years), all of which come from the property and real estate industry and will be recorded in BEI 2020 and 2022.

4.1 Panel Data Regression Estimation

In the panel data regression estimation model, three approaches can be used, including the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Of the three regression models that can be used to estimate panel data, the best regression model is the one that can be used to estimate panel data. selected for analysis.

a. CEM (Common Model Effect)
   Common Effect Model (CEM) test results produce an adjusted R-squared of 1.44%
b. FEM (Fixed Model Effect)
   The results of the Fixed Effect Model test produce an adjusted R-Squared of 2%, which is greater than CEM.
c. REM (Random Effect Model)
   The Random Effect Model (REM) test produces an adjusted R-Squared of 1.2%

Selection of Panel Data Regression Model Techniques. Once the panel data regression is estimated, additional tests need to be conducted in ascertaining the regression model that best fits this investigation.

a. Test Chow
   Based on the Chow Test results, the cross section probability value F is greater than Alpha 0.05. so it shows the Common Effect Model. The best model to use is a model using the Common Effect Model method.

b. Hausman test
   The results of the Hausman test value p = 0.6786 > 0.05, so it rejects hypothesis one, so based on the Hausman test, the best model to use is a model using the Random Effect Model method.
c. Lagrange Multiplier (LM) test
d. Based on the results of the Botch Breusch Pagan Lagrange Multiplier (LM) test, the results were 0.3687, which is above the minimum required to draw conclusions, namely α: 5%, so based on this test the correct model is CEM (Common Effect Model).

4.2 Test Multicollinearity

The enclosed table demonstrates a negligible or nonexistent correlation among the independent variables in the research. This occurs when there is a correlation coefficient of less than 0.80 between two independent study variables. The financial goal with the greatest correlation is attained at an external pressure of 0.328138. Simultaneously, the influence from external forces and industry-related organizations is the least significant, with a coefficient of -0.007160. The panel data regression modeling used in this study doesn't have any multicollinearity problems, so the next step of analysis evaluating classical assumptions go on without any problems.

4.3 Heteroscedasticity Test

Based on the Breusch-pagan Test. This study shows that the independent variable does not have a significant effect on the absolute residual regression in the regression model. Panel data regression models that are useful in this work do not have heteroscedasticity problems.

4.4 Hypothesis testing

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

4.5 T test

The T test is useful in assessing the potential significance of each independent variable in relation to the dependent variable. After comparing the t-statistical values and t-table values, it is known that for a sample size of 35 analysis units (with degrees of freedom: N-1 = 35 -1 = 34). The T-table value obtained is 1.6909.

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Table 3. T Test Result

Dependent Variable: M_SCORE
Method: Panel Least Squares
Date: 12/07/23 Time: 20:41
Sample: 2020 2022
Periods included: 3
Cross-sections included: 35
Total panel (balanced) observations: 105

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.372266	0.116261	3.201979	0.0019
ROA	-0.002082	0.001913	-1.088515	0.2792
ACHANGE	0.002222	0.001473	1.508398	0.1348
LEV	-5.27E-05	0.001440	-0.036615	0.9709
DCHANGE	0.126805	0.042728	2.967687	0.0038
NOI	0.007617	0.045714	0.166625	0.8680
CEOPIC	0.046774	0.041779	1.119553	0.2658
COL	0.106991	0.041231	2.594889	0.0110
OA	0.045149	0.043465	1.038741	0.3016
CEOP	-0.040582	0.022640	-1.792526	0.0763
BDOUT	-0.033174	0.053117	-0.624538	0.5338
KA	-0.045462	0.050205	-0.905544	0.3675

R-squared	0.231171	Mean dependent var	0.342857
Adjusted R-squared	0.140234	S.D. dependent var	0.218763
S.E. of regression	0.202845	Akaike info criterion	-0.245543
Sum squared resid	3.826572	Schwarz criterion	0.057767
Log likelihood	24.89098	Hannan-Quinn criter.	-0.122635
F-statistic	2.542107	Durbin-Watson stat	1.799672
Prob(F-statistic)	0.007459		

Based on the table above, hypothesis testing includes:

1. Hypothesis Test Results 1 (H1)
   Regression analysis carried out on the relationship between financial plans and fraudulent financial reports produces a coefficient of -0.0020. The t-statistic value obtained is -1.0885 < t-table value. The one-sided significance level is 0.2792 (significance level > 0.05). It can be emphasized that there is nothing visible from financial stability to the occurrence of misleading financial reports. Therefore, it can be stated that H1 is rejected.
2. Hypothesis Test Results 2 (H2)
   The results of this T test produce a coefficient of 0.0022. The t-statistic value obtained is 1.5803 < t-table value. At a significance of 0.1348 (significance level > 0.05). It can be concluded that fiscal health influences false financial reports. Therefore H2 is rejected.
3. Hypothesis Test Results 3 (H3)
   The explanation of the test produces a coefficient of -5.27. The t-statistic value obtained is -0.0366 < t-table value. At a significance of 0.9709 (significance level > 0.05). therefore, external pressure has little effect on falsifying financial statements. Can draw the conclusion that H3 is rejected.
4. Hypothesis Test Results 4 (H4)
   This regression analysis produces a coefficient of 0.1268. The t-statistic value obtained is 2.9676. where the t-statistic value > t-table. This shows statistical significance. The significance value of 0.0038 (significance level < 0.05) indicates that the observed relationship is not statistically significant. It can be emphasized that the implementation of effective monitoring does not produce a visible impact on the occurrence of fraudulent financial reporting. Therefore, it can be concluded that H4 is accepted.
5. Hypothesis Test Results 5 (H5)
   Regression analysis carried out on the relationship between industry type and the occurrence of false financial reports produces a coefficient of 0.0076. The t-statistic value obtained is 0.1666. where the t-statistic value < t-table. At a significance of 0.8680 (significance level > 0.05), it shows that there is no valid evidence for H0 to be

rejected, because the observed t-statistic is included in the non-rejection area. It was concluded that the nature of the industry had no influence whatsoever on the occurrence of false financial reports. Therefore, it is stated that H5 is rejected.

6. Hypothesis Test Results 6 (H6)
   The results of this test explained that the regression coefficient was 0.046. The t-statistic value obtained is 1.1195. where the t-statistic value < t-table. With a significance of 0.2658 (significance level > 0.05), the CEO'S Picture does not influence fraudulent financial reports. Thus it is stated that H6 is rejected.
7. Hypothesis Test Results 7 (H7)
   The findings from this test which examines the relationship between political connections and financial statement fraud show a regression coefficient of 0.1069. The t-statistic value is 2.5948. where the t-statistic value > t-table. With a significance of 0.0110 (significance level < 0.05). It can be emphasized that there is no visible impact of political connections on the occurrence of fraudulent financial statements. Therefore, it is stated that H7 is accepted.
8. Hypothesis Test Results 8 (H8)
   These results show a coefficient of 0.0451. The t-statistic value is 1.0387 where the significance is 0.3016 (Significance Level > 0.05). it was concluded that the auditor's assessment had no impact on the falsified financial statements. For this reason, it is stated that H8 is rejected.
9. Hypothesis Test Results 9 (H9)
   The results of the T test between CEO Education and financial statement fraud obtained a regression coefficient value of -0.0331. The t-statistic value is -0.6245 where the significance is 0.0763 (significance level > 0.05), so it can be stated that CEO Education has no effect on financial statement fraud. For this reason, it can be concluded that H9 is rejected.
10. Hypothesis Test Results 10 (H10)
    The results of this T test show a coefficient of -0.0454. The T-statistic value is -0.9055 where the significance is 0.5338 (significance level > 0.05), so it can be stated that effective monitoring has no effect on fraudulent financial statements. Thus H10 is rejected.Hipotesis

	Prediksi	P-value (α = 5%)	Koefisien	Hasil
H1=FT - FSF	+	0.2792	-0.002082	Accepted
H2 = FS - FSF	+	0.1348	0.002222	Accepted
H3 = EP - FSF	+	0.9709	-5.270005	Accepted
H4 = CHOD - FSF	+	0.0038	0.126805	Rejected
H5 = NAO - FSF	+	0.868	0.007617	Accepted
H6 = CEOPIC - FSF	+	0.2658	0.046774	Accepted
H7 = PC - FSF	+	0.011	0.106991	Rejected
H8 = OA - FSF	+	0.3016	0.045149	Accepted
H9 = CEOeduc - FSF	+	0.0763	-0.040582	Rejected
H10 = EM - FSF	+	0.5338	-0.033174	Rejected
H11= FT*KA - FSF	+	0.866	0.001693	Rejected
H12 = FS*KA - FSF	+	0.734	-0.000468	Rejected
H13 = EP*KA - FSF	+	0.7633	-0.001862	Rejected
H14 = CHOD*KA - FSF	+	0.863	0.017121	Rejected
H15 = NAO*KA - FSF	+	0.1773	0.149481	Rejected
H16 = CEOPIC*KA - FSF	+	0.1196	-0.154658	Rejected

H17 = PC*KA - FSF	+	0.4643	-0.092993	Rejected
H18 = OA*KA - FSF	+	0.1006	-0.284551	Rejected
H19 = CEOeduc*KA - FSF	+	0.9637	-0.004493	Rejected
H20 = EM*KA - FSF	+	0.049	-0.563809	Accepted

4.6 Regression Analysis with MRA (Moderated Regression Analysis)

Moderation of the audit committee at Financial Target against fraudulent financial statements. Based on the data output above, the Financial Target (ROA) on financial statement fraud has no influence, because the prob value (0.1061) is above 0.05. then the audit quality for fraudulent financial statements has a value (0.3534) above 0.05, which means it is not significant. And the interaction between ROA and the Audit Committee on financial statement fraud is not significant because it has a value (0.8660) above 0.05. So it can be categorized as the audit committee not being a moderator between the Financial Target and financial statement fraud.

Audit Committee moderation on the influence of Financial Stability on fraudulent financial statements. Based on the output data above, it is found that Financial Stability (Achange) on financial report fraud has no influence, because the prob value (0.1424) is above 0.05. then the audit quality for fraudulent financial statements has a value (0.2034) above 0.05, which means it is not significant. And the interaction between Achange and the Audit Committee on financial report fraud is not significant because it has a value (0.7340) above 0.05. So it can be categorized as the audit committee not being a moderator between Financial Stability and financial statement fraud.

Audit Committee Moderation on the influence of External Pressure on fraudulent financial statements. Based on the output data above, it is found that External Pressure (LEV) on financial statement fraud has no influence, because the prob value (0.2458) is above 0.05. then the audit committee on financial statement fraud has a value (0.1558) above 0.05, which means it is not significant. And the interaction between LEV and the Audit Committee on financial statement fraud is not significant because it has a value (0.7633) above 0.05. So it can be categorized as the audit committee not being a moderator of external pressure on financial statement fraud.

Moderation of the Audit Committee on Change of Director (Dchange) regarding fraudulent financial statements. Based on the output data above, it is found that Change of director (Dchange) on financial report fraud has an influence, because the prob value (0.0119) is below 0.05. then the audit committee on financial statement fraud has a value (0.1024) above 0.05, which means it is not significant. And the interaction between Dchange and the Audit Committee on financial report fraud is not significant because it has a value (0.8630) above 0.05. So the audit committee can be categorized as a Pure moderator between External Pressure on financial statement fraud.

Audit Committee moderation on the influence of Nature Of Industry (NOI) on financial statement fraud. Based on the data output above, it is found that Nature of Industry (NOI) has no influence on financial statement fraud, because the prob value (0.5774) is above 0.05. then the audit committee on financial statement fraud has a value (0.0918) above 0.05, which means it is not significant. And the interaction between NOI and the Audit Committee on financial statement fraud is not significant because it has a value (0.1773) above 0.05. So it can be categorized as an audit committee that is not a moderator between Nature Of Industry regarding financial statement fraud.

Audit Committee Moderation on the Influence of CEO Picture on Financial Report Fraud. Based on the data output above, CEOPicture has no influence on financial report

fraud, because the prob value (0.6202) is above 0.05. then the audit committee on financial statement fraud has a value (0.1203) above 0.05, which means it is not significant. And the interaction between NOI and the Audit Committee on financial statement fraud is not significant because it has a value (0.1196) above 0.05. So it can be categorized as the audit committee not being a moderator between CEOPicture regarding financial statement fraud.

Audit Committee moderation on the influence of Political Connection (COL) on financial statement fraud. Based on the data output above, it is found that Political Connection on financial statement fraud has no influence, because the prob value (0.0169) is above 0.05. then the audit committee on financial statement fraud has a value (0.1935) above 0.05, which means it is not significant. And the interaction between COL and the Audit Committee on financial statement fraud is not significant because it has a value (0.0.4643) above 0.05. So it can be categorized as the audit committee not being a moderator between Political Connection and financial statement fraud.

Audit Committee moderation on the influence of Audit Opinion (OA) on financial statement fraud. Based on the data output above, the Audit Opinion on financial statement fraud has no influence, because the prob value (0.5143) is above 0.05. then the audit committee on financial statement fraud has a value (0.0891) above 0.05, which means it is not significant. And the interaction between OA and the Audit Committee on financial report fraud is not significant because it has a value (0.1006) above 0.05. So it can be categorized as the audit committee not being a moderator of Audit Opinion regarding financial statement fraud.

Audit Committee moderation on the influence of CEO Education (CEOP) on financial statement fraud. Based on the data output above, it is found that CEOEducation on financial statement fraud has no influence, because the prob value (0.0619) is above 0.05. then the audit committee on financial statement fraud has a value (0.0957) above 0.05, which means it is not significant. And the interaction between CEOP and the Audit Committee on financial report fraud is not significant because it has a value (0.9637) above 0.05. So it can be categorized as the audit committee not being a moderator between CEOEducation and financial statement fraud.

Moderation of audit committees on the effect of effective monitoring (BDOUT) on financial statement fraud. Based on the data output above, it is found that BDOUT on financial statement fraud has no influence, because the prob value (0.1414) is above 0.05. then the audit committee on financial statement fraud has a value (0.1373) above 0.05, which means it is not significant. And the interaction between BDOUT and the Audit Committee on financial statement fraud is significant because it has a value (0.0.0490) below 0.05. So, the audit committee can be categorized as pure moderation between BDOUT and financial statement fraud.

5. Conclusion

1) Financial Target is assessed from the return on assets (ROA) ratio in fake financial reports in the property and real estate industry from IDX data for the 2020-2022 period. The lack of evidence of dishonest financial reporting can be concluded from the company's ability to meet its financial targets, which is indicated by a significance value of 0.1779 which exceeds the threshold of 0.05.
2) There is no statistically significant relationship between financial stability as indicated by changes in total assets (ACHANGE) and the occurrence of fraudulent financial reports in the property and real estate sector from IDX data for the 2020-2022 period.

The lack of evidence of fraudulent financial reporting is supported by statistical analysis, which reveals a significance value of 0.0999, beyond the generally accepted threshold of 0.05. Of course, demonstrating a company's capacity to achieve financial stability is not an indication of dishonest practices.

3) There is no statistically significant relationship between External Pressure as indicated by the percentage of debt to total assets, and the occurrence of fraudulent financial reports in the property and real estate sector listed on the IDX during the 2020-2022 period. The lack of significance in the company's ability to withstand external pressures invalidates the occurrence of financial statement fraud, as indicated by the p-value of 0.8704, which is more than the generally accepted threshold of 0.05.
4) Measuring dummy variables on the occurrence of Change in director has a significant influence on fraudulent financial reports. This is due to turnover because the change of directors in the organization is an important part, because it plays an important and strategic role in increasing the committed ranks in the company organization.
5) The impact of Nature of Industry, especially the use of receivables in company financial reports, has no statistically significant effect on cases of fraudulent financial reports in the property and real estate sectors listed on the IDX during the 2020-2022 period. This can be seen from the calculated significance value of 0.3489 which exceeds the predetermined threshold of 0.05.
6) The inclusion of a dummy variable representing CEO Picture does not produce a statistically significant impact on the occurrence of falsification of financial statements. The presence or absence of a photo of the CEO in a financial report does not have an impact on misleading financial reports in a company.
7) The influence of political connections on the occurrence of falsification of financial reports among companies listed on the IDX during the 2020-2022 period is worth paying attention to. Ownership of corporate political ties causes management to exploit their positions for personal or collective gain through false financial reporting.
8) Audit Opinion Registered companies operating in the infrastructure sector could be significantly impacted by falsified financial reports on the IDX for 2020-2022. This is proven by the value (sig < 0.05), namely 0.4900 < 0.05.
9) CEO Education The use of dummy variables, when used as a measurement tool, does not produce statistically significant results in relation to the occurrence of fraudulent financial statements in organizations in the property and real estate sector.
10) The impact of effective monitoring shown by the ratio of independent commissioners to the number of commissioners on incidents of falsification of financial reports in property and real estate companies listed on the IDX for the 2020-2022 period is not significant. The absence of correlation between company size and the number of independent commissioners is due to this phenomenon.
11) The influence of the Audit Committee in moderating Financial Targets on Financial Report Fraud. This result shows that the audit committee variable is unable to moderate financial targets on the potential for financial statement fraud.
12) The influence of the Audit Committee in moderating Financial Stability on Financial Report Fraud. This result shows that the audit committee variable is unable to moderate financial targets on the potential for financial statement fraud.
13) The influence of the Audit Committee in moderating External Pressure on Financial Report Fraud. This result shows that the audit committee variable is unable to moderate financial targets on the potential for financial statement fraud.
14) The influence of the Audit Committee moderating Change of Character on Financial

Report Fraud. This result shows that the audit committee variable is unable to moderate financial targets on the potential for financial statement fraud.

15) The influence of the Audit Committee moderating the Nature of Industry on Financial Report Fraud. This result shows that the audit committee variable is not able to moderate financial targets on the potential for financial statement fraud.

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