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HOW DOES THE AUDIT COMMITTEE DETECT FRAUD?

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Abstract
Financial statement fraud is a mismatch between the application of accounting principles and the preparation of financial reports with the aim of deceiving users of financial statements. This research aims to analyze the influence of the Fraud Hexagon on financial statement fraud. There are 10 variables used, namely Financial Target, Financial Stability, External Pressure, ineffective monitoring, nature of industry, collusion, change in director, change in auditor, frequent number of CEO's picture, and political connections. Financial statement fraud is measured using the Beneish M-Score Model. The sample in this research is infrastructure sector companies listed on the Indonesia Stock Exchange (BEI) in 2020-2022 with the number of samples used being 29 companies. Data analysis in this study used panel data regression analysis and MRA. The results of this research show that financial stability, collusion, frequent number of ceo' pictures have a negative influence on financial statement fraud. Nature of industry and change in director have a positive influence on financial statement fraud. Meanwhile, financial targets, external pressure, ineffective monitoring, change in auditors, and political connections have no influence on the potential for fraudulent financial statements. In terms of moderating the audit committee, this variable shows that financial stability, collusion, change in directors and frequent number of CEO's pictures are capable of moderate. Meanwhile, financial targets, external pressure, ineffective monitoring, nature of industry, change in auditors and political connections are not able to moderate financial report fraud.

Keywords: Fraud Hexagon, Financial Statement Fraud, Audit Committee

1. Introduction

Financial Statement Fraud can be defined as fraud committed by management in the form of material misstatement of Financial Statements that is detrimental to investors and creditors. This fraud can be financial or non-financial fraud. According to the Association of Certified Fraud Examiners (ACFE), fraud is an intentional act that violates the law by manipulating and presenting false reports to other parties to obtain personal or group benefits.

One of the cases of fraudulent financial reporting in Indonesia, namely the Pelindo II corruption case, has dragged the name of the former CEO of PT Pelindo, RJ Lino, who has been named a suspect since 2015. He is suspected of abusing his authority by directly appointing HDHM from China in the procurement of three QCC units. In the report issued by the BPK in 2020, there were 4 projects at PT Pelindo II which caused state losses of up to IDR 6 trillion. These four projects are apart from the mobile crane and quay crane container procurement projects where allegations of corruption are being handled by Bareskrim Polri and the Corruption Eradication Commission.

Financial stability is a condition where the national financial system runs effectively and efficiently and is able to survive in vulnerable conditions both internally and

externally. According to research results from (Kamila and Parinduri, 2023) it is stated that financial stability has a positive effect on fraudulent financial reports. Meanwhile, according to research results from (Amalia and Annisa, 2023).

The financial target is the level of profit that must be obtained for the effort expended to obtain that profit. According to research results (Dimuk, Jatiningrum and Gumanti, 2022) it is stated that financial targets have a significant positive effect on fraudulent financial reports. Meanwhile, according to (Syadziliyah and Primasari, 2022) it is stated that financial targets have no effect on fraudulent financial statements.

External pressure is excessive pressure for management to meet the requirements or expectations of third parties. According to research results from (Hartadi, 2022) external pressure has a significant effect on financial report fraud. According to research results from (Dewi and Yuliati, 2022) external pressure has a negative effect on financial report fraud. Meanwhile, according to research results from (Kurniawan and Trisnawati, 2022) external pressure has no effect on fraudulent financial reports.

One of the factors that can cause fraudulent acts in financial reports to occur is the lack of effective supervision by the company to supervise its employees so that opportunities to commit fraud arise. According to research results from (Septriani and Desi, 2018) ineffective monitoring has an effect on fraudulent financial reports. Meanwhile, according to research results from (Octaviana, 2022), ineffective monitoring has no effect on fraudulent financial reports.

Nature of industry is the ideal state of a company in industry. According to research results from (Octaviana, 2022) the nature of industry has a positive and significant effect on financial report fraud. Meanwhile, according to research results from (Octani et al, 2022) the nature of industry has no effect on fraudulent financial statements.

Collusion is an agreement between two or more people who agree to defraud another party of their rights. According to the results of research conducted by (Handoko 2021), (Sari and Nugroho 2020) it shows that collusion has an effect on fraudulent financial reports. Meanwhile, according to the results of research conducted by (Imtikhani and Sukirman 2020), (Achmad et al, 2021) show that collusion has no effect on financial statement fraud.

The change in directors is considered to be able to hide financial reporting fraud that was committed by the previous directors. According to research results from (Lionardi and Suhartono, 2022) change in director has a significant positive effect on financial report fraud. According to research results from (Syadziliyah and Primasari, 2022) change in director has a significant negative effect on financial report fraud.

Auditors have the task of detecting financial report fraud in financial report figures. According to research results (Azizah, Murni and Utami, 2022) it is stated that changing in auditors has a significant positive effect on financial report fraud. According to (Abbas and Laksito, 2022) states that changing in auditors has no effect on fraudulent financial statements.

Frequent Number of CEO's Picture is the number of photos of the CEO displayed in the company's annual financial report. A CEO tends to want to show his position and social status in a company. According to research (Isalati, Azis and Hadiwibowo, 2023) states that the Frequent Number of CEO's Picture has a positive effect on financial report fraud. Meanwhile, according to (Ayem, Wardani and Mas'adah, 2023), the Frequent Number of CEO's Picture cannot influence fraudulent financial statements.

According to (Faccio, 2006) political connections mean that high-ranking company officials are members of parliament, ministers or heads of state, related to state officials

and state institutions. According to research results from (Syadziliyah and Primasari, 2022) political connections have a positive effect on fraudulent financial reports. According to research results from (Dewi and Yuliati, 2022) political connections have a negative effect on fraudulent financial reports.

2. Theoretical Background

2.1 Agency Theory (Agency Theory)

According to Jensen and Meckling (1976), agency theory is a design that explains the contextual relationship between principals and agents, namely between two or more people, a group or an organization. Principals and agents both want big profits. Principals and agents also both avoid the risk of separate ownership and courts in a company being one of the factors that triggers conflicts of interest which can be called agency conflicts (agency theory).

2.2 Financial Report Fraud

According to Wells et al (2011) financial statement fraud includes several modes, including: Falsification, alteration or manipulation of financial records, supporting documents or business transactions. Employees are hired without thinking about their honesty and integrity. Employees are managed, exploited inappropriately, abused or placed under great pressure to achieve financial goals and objectives that lead to fraudulent acts.

2.3 Fraud Hexagon Model

The Fraud Hexagon Theory is a theory developed by Vousinas (2019), where the collusion factor is added as one of the factors in the occurrence of fraud in financial reports. This theory explains that there are 3 factors that cause individuals to carry out fraudulent acts on financial reports, namely: opportunity, pressure and rationalization.

2.4 The Effect of Financial Stability on Financial Report Fraud

According to Skousen et al. (2008) in Chandra and Suhartono (2020), Financial Stability is a situation that describes a company's financial condition which is in a stable condition and is not fluctuating or too volatile. The results of research conducted by Imtikhami and Sukarman (2021), and Chandra and Suhartono (2020) state that Financial Stability has a significant positive effect on financial report fraud.

H1: Financial stability has a positive effect on financial report fraud.

2.5 The influence of financial targets on fraudulent financial statements.

According to Statement on auditing standards (SAS) No.99 Financial Target is pressure on management to perform at its best to achieve a certain target, where usually the bonuses and incentives that will be received are based on sales results or profits that can be obtained. The results of research conducted by Setiawati & Baningrum (2018), and Samuel & Valentine (2021) state that Financial Targets have a significant positive effect on financial report fraud.

H2: Financial Target has a positive effect on financial report fraud.

2.6 The Influence of External Pressure on Financial Report Fraud.

External pressure is excessive pressure for management to meet the requirements or expectations of third parties. The results of research conducted by Hartadi (2022), Quraini

& Rimawati (2018), and Istanto (2022) state that external pressure has a significant positive effect on financial report fraud.

H3: External pressure has a positive effect on financial report fraud.

2.7 The Effect of Ineffective Monitoring on Financial Report Fraud.

According to Siddiq et al. (2017) explains that fraud within a company can be prevented by increasing the ratio of the board of commissioners. The results of research conducted by Putriasih et al. (2016), Septriani and Desi (2018) and Kusumosari and Solikhah (2021) state that ineffective monitoring has a significant positive effect on fraudulent financial reports.

H4: Ineffective monitoring has a positive effect on fraudulent financial reports.

2.8 The Influence of Nature of Industry on Financial Report Fraud.

Nature of industry is the ideal state of a company or organization in industry. The results of research conducted by Margaretha & Sugi (2022), and Jihan, Dwiharyadi & Dedy (2022) state that the Nature of industry has a significant positive effect on fraudulent financial reports.

H5: Nature of industry has a positive effect on financial statement fraud.

2.9 The Effect of Collusion on Financial Report Fraud.

Collusion refers to an agreement or agreement between two or more people to jointly commit fraud against another party for a bad or evil purpose, to defraud a third party of their rights. According to the research results of Sari and Nugroho (2020), collusion has a positive effect on fraudulent financial reports.

H6: collusion influences financial statement fraud.

2.10 The Effect of Change in Director on Financial Report Fraud.

Change in Director or change of directors is the change of duties and authority of the old board of directors to the board of directors for the new period with the hope of building better management performance than the previous period by making changes to a more competent organizational structure. The results of research conducted by Septriyani & Handayani (2018), Kordianus et al. (2021), and Lionardi and Suhartono (2022) state that change in director has an effect on financial statement fraud

H7: Change in director has an effect on financial statement fraud.

2.11 The Effect of Change in Auditor on Financial Report Fraud.

Changing auditors is one method for companies that often commit fraud because changing auditors is considered to reduce the possibility of detecting fraudulent financial statements by the auditor. The research results of Azizah, Murni and Utami (2022) state that changing in auditors has a positive effect on financial report fraud.

H8: Change in auditor has an effect on financial statement fraud.

2.12 The Influence of Frequent Number of CEO's Picture on Financial Report Fraud.

Frequent Number of CEO's Picture is the number of photos of the CEO displayed in the company's annual financial report. A CEO tends to want to show his position and social status in a company. The results of research conducted by Isalati, Azis and Hadiwibowo (2023) say that the frequent number of CEO's pictures has an effect on fraudulent financial reports.

H9: Frequent number of CEO's pictures influences financial report fraud.

2.13 The Influence of Political Connections on Financial Report Fraud.

Political connections according to Faccio (2006) are if the authority shareholders or high-ranking company officials are members of parliament, ministers or heads of state, related to state officials, state institutions. The results of research conducted by Herlina & Niken (2022), Cindy & Anik (2022) and Ratna (2022) say that political connections influence fraudulent financial reports.

H10: Political connections influence financial statement fraud.

2.14 The Influence of the Audit Committee in Moderating Financial Stability on Financial Report Fraud

The audit committee's role is to realize good corporate governance by monitoring the agent's performance in presenting financial reports. According to research results (Mardiani, Sukarmanto and Maemunah, 2022) it is stated that the audit committee strengthens the relationship between financial stability and the detection of financial statement fraud.

H11: Financial stability strengthens the audit committee's moderation of financial statement fraud.

2.15 The Influence of the Audit Committee in Moderating Financial Targets on Financial Report Fraud

The role of the audit committee, which has expertise in finance, is to help management commit fraud by manipulating company profits to make it appear as if the company has achieved predetermined targets. According to research results (Larasati, Wijayanti and Maulana, 2020) it is stated that the audit committee strengthens the relationship between financial targets and fraudulent financial reports.

H12: Financial targets strengthen the audit committee's moderation of financial statement fraud.

2.16 The Influence of the Audit Committee Moderating External Pressure on Financial Report Fraud

The existence of an audit committee with financial expertise will lead to higher fraud. According to research results (Larasati, Wijayanti and Maulana, 2020) it is stated that the audit committee strengthens the relationship between external pressure and financial report fraud.

H13: Strengthening external pressure moderates the audit committee's risk of financial statement fraud.

2.17 The Influence of the Audit Committee in Moderating Ineffective Monitoring of Financial Report Fraud

With good supervision from the audit committee, it can make it difficult for perpetrators to commit financial statement fraud, but on the contrary, if the supervision in the company is not effective. According to research results (Mardiani, Sukarmanto and Maemunah, 2022) it is stated that the audit committee strengthens the relationship of ineffective monitoring of fraudulent financial reports.

H14: Ineffective monitoring strengthens the audit committee's moderation of financial statement fraud.

2.18 The Influence of the Audit Committee Moderating the Nature of Industry on Financial Report Fraud

The audit committee did not confirm the relationship between the nature of the industry and fraudulent financial reporting because the audit committee was unable to identify the receivable turnover of companies whose financial reports were incorrect. According to research results (Maulana, 2023) it is stated that the audit committee strengthens the relationship between nature of industry and fraudulent financial statements.

H15: The nature of industry strengthens the audit committee's moderation of financial statement fraud.

2.19 The Influence of the Audit Committee Moderating Collusion on Financial Report Fraud

The role of the audit committee will influence everyone in the company to commit any criminal acts such as fraud committed by two or more people. According to (Nugroho and Diyanty, 2022), it shows that the audit committee weakens the relationship between collusion and financial statement fraud.

H16: Collusion weakens the audit committee's moderation of financial statement fraud.

2.20 The Influence of the Audit Committee in Moderating Change in Directors on Financial Report Fraud

The existence of an audit committee plays a role in supervising the company and providing recommendations to the board of commissioners, but does not have the authority to replace directors due to the director's lack of performance. According to research (Oktaviany and Reskino, 2023) it is stated that the audit committee weakens the relationship between change in director and financial statement fraud.

H17: Change in director weakens the audit committee's moderation of financial statement fraud.

2.21 The Influence of the Audit Committee in Moderating Changes in Auditors on Financial Report Fraud

In the event of a change of auditor, the audit committee may communicate important matters regarding findings or any matters that may need to be examined further by the new external auditor, especially in terms of: According to research results (Oktaviany, 2023) it is stated that the audit committee weakens the relationship between change in auditors and financial statement fraud.

H18: Change in auditor weakens the audit committee's moderation of financial statement fraud.

2.22 The Influence of the Audit Committee Moderating the Frequent Number of CEO's Picture on Financial Report Fraud

The audit committee is obliged to monitor and supervise the performance of company management. According to research (Amalia and Annisa, 2023) states that the audit committee weakens the relationship between Frequent Number of CEO's Picture and financial report fraud.

H19: Frequent number of CEO's pictures weakens the audit committee's moderation of financial statement fraud.

2.23 The Moderating Influence of the Audit Committee on Political Connections on Financial Report Fraud

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 statements.

H20: Political connections weaken the audit committee's moderation of financial statement fraud.

3. Methods

3.1 Sampling Method

This research uses infrastructure companies listed on the Indonesia Stock Exchange (BEI) in 2020-2022 with audited financial report objects as the population. The research sample was taken using a purposive sampling method with the aim of obtaining samples according to the required criteria. These criteria are as follows:

1) Companies in the infrastructure sector listed on the IDX in 2020-2022.
2) Companies in the infrastructure sector that did not delist during 2020-2022.
3) Companies in the infrastructure sector that publish financial and annual reports on the IDX or company website during 2020-2022.
4) Companies in the infrastructure sector that experienced profits during 2020-2022.

3.2 Data analysis method

3.2.1 Descriptive Statistical Analysis

Descriptive statistics are variables used in research including sample size, minimum value, maximum value, average value, and standard deviation, sum, range, kurtosis, and skewness.

3.2.2 Panel Data Regression Estimation

The analytical tool used in this research is a panel data regression model. This analysis is used to measure the influence of more than one independent variable on the dependent variable. The calculation model is as follows:

$$\textbf{MSCORE=}\ \alpha + \beta 1\ ACHANGE + \beta 2\ ROA + \beta 3\ LEV + \beta 4\ BDOUT + \beta 5\ REC + \beta 6\ COLLUSION + \beta 7\ CPD + \beta 8\ CPA + \beta 9\ CEOPIC + \beta 10\ POLCON + \varepsilon$$

The use of panel data regression models can be done using three techniques, namely the common effects model (CEM), fixed effects model (FEM) and random effects model (REM).

3.2.3 Moderated Regression Analysis (MRA) Technique

The method used in this research is moderated regression analysis. According to Ghozali, (2016) MRA is an analytical approach that maintains sample integrity and provides a basis for controlling the influence of moderator variables. The equation model used in this research is as follows:

1) Equation 1 (Y=α + β1X1+ β1X2+….)
2) Equation 2 (Y=α + β1X1+ β1X2+….+ β11Z)
3) (Y=α + β1X1+ β1X2+….+ β11Z + β12X1*Z + β13X2*Z +…..)

4. Results and Discussion

4.1 Panel Data Model Selection Techniques

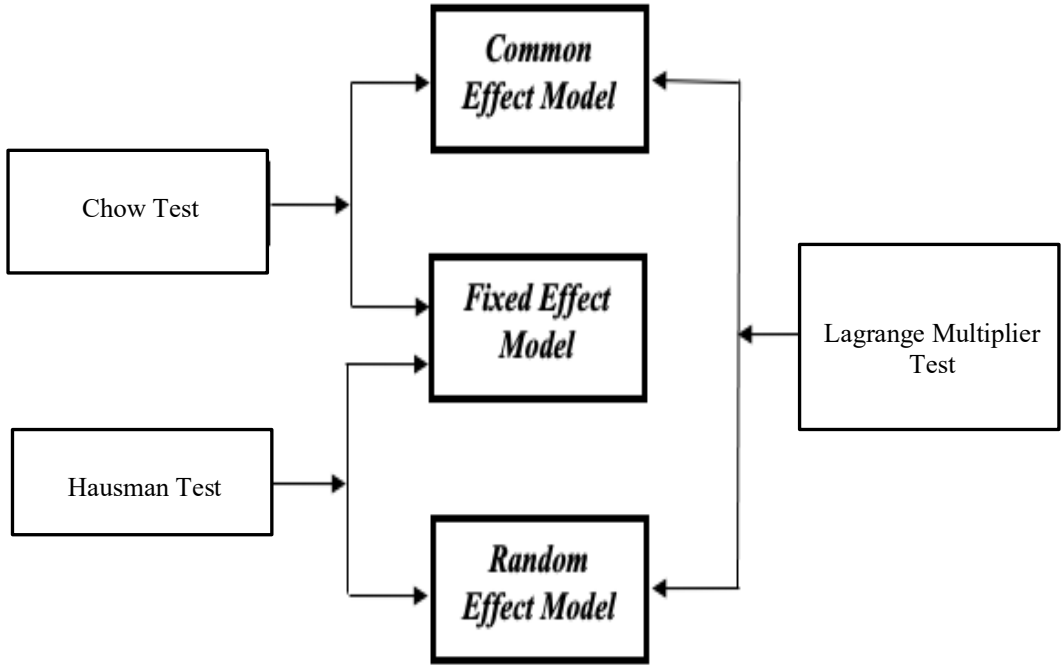

Figure 1. Panel Data Model Selection Techniques

4.1.1 Chow Test

Table 1. Chow Test

Redundant Fixed Effects Tests
Equation: UJI_FEM
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.029663	(28,47)	0.4543
Cross-section Chi-square	41.616790	28	0.0471

From the table above, the chi-square cross-section probability results show a value of 0.0471, which is smaller than the predetermined significance level, namely α = 5%. This value shows that H0 is accepted and H1 is rejected. So based on the Chow test, the appropriate model is FEM.

4.1.2 Hausman Test

The Hausman test is used to determine the best regression model between FEM and REM.

Table 2. Hausman Test

Correlated Random Effects - Hausman Test
Equation: UJI_REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	17.710156	11	0.0886

From the table above, the random cross-section probability results show a value of 0.0886, which indicates it is greater than the predetermined significance level, namely α = 5%. This value shows that H0 is accepted and H1 is rejected. So based on the Hausman test, the correct model is REM

4.1.3 Lagrange Multiplier Test

The Lagrange Multiplier test is used to select the best regression model between CEM and REM.

Table 3. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.884097 (0.1699)	0.029980 (0.8625)	1.914076 (0.1665)
Honda	-1.372624 (0.9151)	-0.173146 (0.5687)	-1.093024 (0.8628)
King-Wu	-1.372624 (0.9151)	-0.173146 (0.5687)	-0.521685 (0.6991)
Standardized Honda	-0.656627 (0.7443)	0.216954 (0.4141)	-5.145118 (1.0000)
Standardized King-Wu	-0.656627 (0.7443)	0.216954 (0.4141)	-2.820562 (0.9976)
Gourieroux, et al.	--	--	0.000000 (1.0000)

From the table above, the results for both breus ch-pagan show a value of 0.1665, which indicates it is greater than the predetermined significance level, namely α = 5%. This value shows that H0 is accepted and H1 is rejected. So based on the Lagrange multiplier test, the correct model is **CEM.**

4.2 Classic assumption test

4.2.1 Multicollinearity Test

Table 2. Multicollinearity Test Results

	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10
X1	1.000000	0.167714	0.151149	0.189514	-0.046975	-0.160873	-0.100467	-0.062428	0.169715	-0.075755
X2	0.167714	1.000000	-0.358669	0.062383	-0.122817	-0.273714	-0.109252	-0.178151	0.089377	0.069747
X3	0.151149	-0.358669	1.000000	-0.020978	0.001901	0.256258	0.139371	0.179560	0.295336	0.039762
X4	0.189514	0.062383	-0.020978	1.000000	-0.117547	0.033009	-0.117159	0.074285	-0.027189	0.177793
X5	-0.046975	-0.122817	0.001901	-0.117547	1.000000	0.019931	0.002186	0.019568	-0.026298	0.073694
X6	-0.160873	-0.273714	0.256258	0.033009	0.019931	1.000000	0.358439	0.225173	-0.095743	0.138739
X7	-0.100467	-0.109252	0.139371	-0.117159	0.002186	0.358439	1.000000	0.649194	0.021231	0.008928
X8	-0.062428	-0.178151	0.179560	0.074285	0.019568	0.225173	0.649194	1.000000	0.021231	0.008928
X9	0.169715	0.089377	0.295336	-0.027189	-0.026298	-0.095743	0.021231	0.021231	1.000000	-0.192940
X10	-0.075755	0.069747	0.039762	0.177793	0.073694	0.138739	0.008928	0.008928	-0.192940	1.000000

This is shown in the correlation level of one variable with other independent variables below 0.80. The highest correlation occurred for Change in director with Change in auditor of 0.649194. Meanwhile, the lowest correlation level occurred for external pressure and ineffective monitoring, amounting to -0.020978. Thus, it can be concluded that in this study the panel data regression model is free from multicollinearity problems.

4.2.2 Heteroscedasticity Test

Table 3. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser
Null hypothesis: Homoskedasticity

F-statistic	1.470820	Prob. F(11,75)	0.1606
Obs*R-squared	15.43749	Prob. Chi-Square(11)	0.1633
Scaled explained SS	24.77201	Prob. Chi-Square(11)	0.0098

Based on the glesjer test, the value of prob. Chi-square (11) shows that the independent variable result of 0.1633 has no influence on the absolute residual regression of the panel data regression model because the probability is greater than 0.05. Thus, the panel data regression model used in this research is free from heteroscedasticity problems.

4.3 Hypothesis test

Based on the model testing conducted through the previous Chow test and Lagrange test, the most appropriate panel data regression model for this study is the common effect model (CEM).

4.3.1 T Test

By comparing the t-statistic value with the t-table value from 87 analysis units (df: N-1=87-1=86), the t-table value is 1.9879.

Table 4. T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.081712	3.073931	-0.351899	0.7261
X1	-9.263175	4.264266	-2.172279	0.0335
X2	12.82109	16.51250	0.776447	0.4403
X3	3.827818	3.524632	1.086019	0.2815
X4	0.785440	5.407634	0.145246	0.8850
X5	4.097434	1.794801	2.282945	0.0257
X6	-0.994647	0.444390	-2.238230	0.0286
X7	2.992725	1.144185	2.615596	0.0111
X8	-1.242015	0.981796	-1.265043	0.2104
X9	-0.651614	0.227340	-2.866248	0.0056
X10	-0.416683	1.151327	-0.361915	0.7186
Z	-1.239668	3.507525	-0.353431	0.7249
X1Z	10.56981	4.956200	2.132645	0.0367
X2Z	-19.60326	17.57061	-1.115685	0.2687
X3Z	-4.218030	3.775107	-1.117327	0.2680
X4Z	-0.025378	6.824327	-0.003719	0.9970
X5Z	-2.562649	1.488959	-1.721100	0.0900
X6Z	1.433550	0.662587	2.163563	0.0342
X7Z	-4.079149	1.553864	-2.625165	0.0108
X8Z	2.225179	1.216958	1.828477	0.0721
X9Z	0.662280	0.233441	2.837028	0.0061
X10Z	0.735757	1.319193	0.557732	0.5789

Based on the results of the T-test, the t-statistic value with the prob value shows that the variables financial stability, collusion, frequent number of CEO's pictures have a negative effect. The variable nature of industry, change in director has a positive effect. Meanwhile, the variables financial targets, external pressure, ineffective monitoring, change in auditor, political connections have no effect on financial statement fraud.

4.3.2 Coefficient of Determination (R2)

Table 5. Determination Coefficient Test (R2)

R-squared	0.401791	Mean dependent var	-2.041176
Adjusted R-squared	0.208524	S.D. dependent var	1.328431
S.E. of regression	1.181838	Akaike info criterion	3.386244
Sum squared resid	90.78812	Schwarz criterion	4.009807
Log likelihood	-125.3016	Hannan-Quinn criter.	3.637334
F-statistic	2.078938	Durbin-Watson stat	2.220894
Prob(F-statistic)	0.013082		

Based on the table above, the adjusted R-squared value is 0.208524. The coefficient of determination value shows that financial stability, nature of industry, collusion, change in director, and frequent number of CEO's pictures can explain financial report fraud of 20.8524%. Meanwhile, the remaining 79.1476% can be explained by other variables.

4.3.3 F Test

Table 6. F Test Results

R-squared	0.401791	Mean dependent var	-2.041176
Adjusted R-squared	0.208524	S.D. dependent var	1.328431
S.E. of regression	1.181838	Akaike info criterion	3.386244
Sum squared resid	90.78812	Schwarz criterion	4.009807
Log likelihood	-125.3016	Hannan-Quinn criter.	3.637334
F-statistic	2.078938	Durbin-Watson stat	2.220894
Prob(F-statistic)	0.013082		

Based on the table above, the F-statistic value is 1.5640 < F table 1.9577 and the prob (F-statistic) value is 0.013082 < 0.05. So H0 is accepted and Ha is rejected, which means that financial stability, nature of industry, collusion, change in director, and frequent number of CEO's pictures influence fraudulent financial reports of companies in the infrastructure sector.

4.4 Moderated Regression Analysis Technique (MRA)

Table 7. MRA Test Results Equation 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.639294	0.652888	-2.510836	0.0142
X1	0.210761	1.040182	0.202619	0.8400
X2	-3.310611	4.549362	-0.727709	0.4690
X3	-0.581474	0.803335	-0.723825	0.4714
X4	1.063720	1.033980	1.028763	0.3069
X5	1.264712	0.476833	2.652315	0.0097
X6	-0.096999	0.149804	-0.647505	0.5193
X7	0.367031	0.413890	0.886785	0.3780
X8	-0.310752	0.398642	-0.779525	0.4381
X9	-0.084885	0.061685	-1.376095	0.1728
X10	0.118804	0.302427	0.392835	0.6955

R-squared	0.152569	Mean dependent var	-2.041176
Adjusted R-squared	0.041065	S.D. dependent var	1.328431
S.E. of regression	1.300868	Akaike info criterion	3.481640
Sum squared resid	128.6117	Schwarz criterion	3.793421
Log likelihood	-140.4513	Hannan-Quinn criter.	3.607185
F-statistic	1.368285	Durbin-Watson stat	1.813738
Prob(F-statistic)	0.211294		

Based on the results of the MRA test equation 1, the variables financial stability, financial targets, external pressure, ineffective monitoring, nature of industry, collusion, change in director, change in auditor, frequent number of CEO's picture, and political connections have no effect on financial statement fraud.

$$Y = -1.63929400775 + 0.210760703581*X1 - 3.31061112971*X2 - 0.581473656348*X3 + 1.06372035776*X4 + 1.26471190943*X5 - 0.096999102657*X6 + 0.367031182056*X7 - 0.310751570156*X8 - 0.0848845931138*X9 + 0.118803954899*X10$$

Table 8. MRA Test Results Equation 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.192995	0.953397	-3.349072	0.0013
X1	-0.125149	1.026634	-0.121903	0.9033
X2	-4.843477	4.494545	-1.077635	0.2847
X3	0.124940	0.847704	0.147387	0.8832
X4	1.148352	1.009805	1.137202	0.2591
X5	1.152951	0.468132	2.462876	0.0161
X6	-0.027513	0.149596	-0.183912	0.8546
X7	0.487809	0.407662	1.196602	0.2352
X8	-0.356491	0.389597	-0.915027	0.3631
X9	-0.068115	0.060684	-1.122465	0.2652
X10	0.202953	0.297629	0.681898	0.4974
Z	1.259409	0.574887	2.190708	0.0316

R-squared	0.203535	Mean dependent var	-2.041176
Adjusted R-squared	0.086720	S.D. dependent var	1.328431
S.E. of regression	1.269524	Akaike info criterion	3.442603
Sum squared resid	120.8768	Schwarz criterion	3.782728
Log likelihood	-137.7532	Hannan-Quinn criter.	3.579561
F-statistic	1.742369	Durbin-Watson stat	1.920338
Prob(F-statistic)	0.080231		

The moderating variable has a t-statistic value of 2.1907 with a prob value. (significance) is 0.0316 (< 0.05), so the audit committee as a moderating variable can influence financial report fraud.

Y = -3.19299482606 - 0.125149442412*X1 - 4.84347737431*X2 + 0.124940337838*X3 + 1.14835193829*X4 + 1.15295088956*X5 - 0.027512506539 1*X6 + 0.487809206772*X7 - 0.356491398051*X8 - 0.0681151860381*X9 + 0.202952972528*X10 + 1.25940879363*Z

Table 9. MRA Test Results Equation 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.081712	3.073931	-0.351899	0.7261
X1	-9.263175	4.264266	-2.172279	0.0335
X2	12.82109	16.51250	0.776447	0.4403
X3	3.827818	3.524632	1.086019	0.2815
X4	0.785440	5.407634	0.145246	0.8850
X5	4.097434	1.794801	2.282945	0.0257
X6	-0.994647	0.444390	-2.238230	0.0286
X7	2.992725	1.144185	2.615596	0.0111
X8	-1.242015	0.981796	-1.265043	0.2104
X9	-0.651614	0.227340	-2.866248	0.0056
X10	-0.416683	1.151327	-0.361915	0.7186
Z	-1.239668	3.507525	-0.353431	0.7249
X1Z	10.56981	4.956200	2.132645	0.0367
X2Z	-19.60326	17.57061	-1.115685	0.2687
X3Z	-4.218030	3.775107	-1.117327	0.2680
X4Z	-0.025378	6.824327	-0.003719	0.9970
X5Z	-2.562649	1.488959	-1.721100	0.0900
X6Z	1.433550	0.662587	2.163563	0.0342
X7Z	-4.079149	1.553864	-2.625165	0.0108
X8Z	2.225179	1.216958	1.828477	0.0721
X9Z	0.662280	0.233441	2.837028	0.0061
X10Z	0.735757	1.319193	0.557732	0.5789

R-squared	0.401791	Mean dependent var	-2.041176
Adjusted R-squared	0.208524	S.D. dependent var	1.328431
S.E. of regression	1.181838	Akaike info criterion	3.386244
Sum squared resid	90.78812	Schwarz criterion	4.009807
Log likelihood	-125.3016	Hannan-Quinn criter.	3.637334
F-statistic	2.078938	Durbin-Watson stat	2.220894
Prob(F-statistic)	0.013082		

Based on the results of the MRA test equation 3, the variables collusion, change in director, and frequent number of coe's pictures are able to moderate the audit committee's risk of financial statement fraud. Meanwhile, the variables financial stability, financial targets, external pressure, ineffective monitoring, nature of industry, change in auditors, and political connections are not able to moderate the audit committee's risk of financial statement fraud.

$$Y = -1.08171168524 - 9.26317529893*X1 + 12.8210858779*X2 + 3.82781800531*X3 + 0.785439632626*X4 + 4.09743354243*X5 - 0.994646727764*X6 + 2.99272496928*X7 - 1.24201452876*X8 - 0.651614174748*X9 - 0.416682970107*X10 - 1.23966835834*Z + 10.5698140428*X1Z - 19.6032601849*X2Z - 4.21802976818*X3Z - 0.0253778049585*X4Z - 2.56264850089*X5Z + 1.43354957025*X6Z - 4.07914871412*X7Z + 2.22517938671*X8Z + 0.662279965751*X9Z + 0.735756823117*X10Z$$

4.5 Panel data regression analysis

Table 5. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.192995	0.953397	-3.349072	0.0013
X1	-0.125149	1.026634	-0.121903	0.9033
X2	-4.843477	4.494545	-1.077635	0.2847
X3	0.124940	0.847704	0.147387	0.8832
X4	1.148352	1.009805	1.137202	0.2591
X5	1.152951	0.468132	2.462876	0.0161
X6	-0.027513	0.149596	-0.183912	0.8546
X7	0.487809	0.407662	1.196602	0.2352
X8	-0.356491	0.389597	-0.915027	0.3631
X9	-0.068115	0.060684	-1.122465	0.2652
X10	0.202953	0.297629	0.681898	0.4974
Z	1.259409	0.574887	2.190708	0.0316

Based on the table above, the regression equation in this study is:

Y = -3.19299482606 - 0.125149442412*X1 - 4.84347737431*X2 + 0.124940337838*X3 + 1.14835193829*X4 + 1.15295088956*X5 - 0.0275125065391*X6 + 0.487809206772*X7 - 0.356491398051*X8 - 0.0681151860381*X9 + 0.202952972528*X10 + 1.25940879363*Z

5. Conclusion

Based on the analysis that has been carried out, it can be concluded that the variables financial stability, Collusion, and Frequent number of ceo's picture have a negative effect, this is because the company being demoted can actually be an indication of fraud because it has been determined to be low and easy to achieve. The variables nature of industry and change in director have a positive effect, this is because the higher the company's ownership, the higher the possibility of financial statement fraud. Meanwhile, financial targets, external pressure, ineffective monitoring, change in auditors and political connections have no effect on financial statement fraud. Meanwhile, to moderate, it can be concluded that the variables financial stability, collusion, change in director and frequent number of CEO's picture are able to moderate or strengthen the audit committee against financial statement fraud. For several variables, financial targets, external pressure, ineffective monitoring, nature of industry, change in auditors and political connections are unable or weaken the audit committee against fraudulent financial statements.

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