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AnEmpirical Study on Financial Statement Fraudulent

RusmantoT.[1*], Harahap A.A.[2]
[1,2]*Department of Accounting, Faculty of Economics and Communications,*
Bina Nusantara University, Jakarta, Indonesia

ABSTRACT*:* The purpose of this research is to empirically examine the effect offraud pentagon theory on financialstatement. Other theories used in this study are the agency theory and asymmetric information theory. By Using FraudScore Model this research observes banking companies listed on the Indonesia Stock Exchangein 2016-2018. Throughthe purposive sampling method obtained as many as 85 research samples. Statistical data analysis uses the IBM SPSSversion 26 program for research data processing. The data obtained from the calculation of the formula from the financialstatements carried out descriptive statistical analysis, data quality test, classical assumption test and hypothesistesting.After examining the data, the results of this study found that (i) as predicted the external pressure has asignificant effect on financial statement fraud,(ii)financial stability has a significant effect on financial statementfraud.(iii) Whereas other three variables such as audit opinion, audit committee change, quality of external audit have noeffect on financial statement fraud.

Keywords: *Financial Statement Fraud, Audit Committee Expertise, Fraud Pentagon Theory*

I. INTRODUCTION

Many terms of fraud known in the daily life of business.Albrecht *et al* (2015: 6)defined a fraud as ”a generic term,and embraces all the multivarious means which human ingenuity can devise, which are resorted to by one individual, to get an advantageover another by false representations”.Fraud that often occurs in the present era is no exception in the process of preparing financial statements. Financial statement fraud is committed by parties with interest in the company’s finances. One of the factors thataffect the fraud of financial statements is due to negligence or intentional material that can affect decisions to be taken by interested parties. Financial reporting is the final process in the accounting process which has an essential role in measuring and evaluating the performance of a company. The purpose of financial statements according to the Indonesian Institute of Accountants (2015: 15-16) is a tool that can provide various information about the financial position, financial performance, and cash flow in companies that provide benefits to users of financial statements as a reference in making economic decisions. Financial statement fraud according to Statement on Auditing Standards (SAS) No. 99, namely misstatement or deliberately omitting amounts or disclosures in financial statements to deceive users of financial statements, in all material matters with general accounting principles.

Association of Certified Fraud Examiners(ACFE)’s research results show the fact that various cases of fraud found by ACFE, 80% were asset misappropriation cases with an average loss of $ 180,000, the percentage of corruption cases was 51% with an average loss of $ 500,000 and the rest 13% were financial statement fraud with a loss of $ 700,000. Based on the previous case, it can be concluded that the percentage of financial statement manipulation is relatively small, but the losses incurred are greater than other loss cases. Therefore, the results of a survey conducted by ACFE show data that fraud cases occur in all industrial sectors. According to Yulianti *et al.* (2019: 239) in the International Journal of Scientific & Technology Research, it is hoped that companies will develop a proper and effective internal monitoring system. Able to apply every control activity to improve the culture of an organization. Audit committee expertise is needed in companies to mediate or reduce the impact caused by conflicts of various interests, which ignore the interests of public shareholders (minority shareholders) and other stakeholders. Based on OJK Regulation No.55 / POJK.04 / 2015 concerning the Establishment and Guidelines for the Implementation of Audit Committee Work in Part Three concerning Membership Requirements and Term of Service Article 7 paragraph 5, it is stated that several characteristics include that it is obligatory for members of the audit committee of at least 1 (one) member who has educational background and expertise in accounting and finance.

The audit opinion that has been released by the auditor will be given to the company that presents the financial statements fairly. In this condition, managers commit fraud in order to get the truth about the fairness of the financial statements they have presented. Often the public accountant has failed in detecting the emergence of fraudulent financial statements in companies that have been audited. Audit opinion is a way for

*Correspoding Author: trusmanto@binus.edu

company managers to rationalize or justify the mistakes they have made. Unqualified audit opinion is indicated to be obtained by manipulating the process of presenting financial statements. According to Ulfah et al (2017), audit opinions obtained by companies with explanatory language are considered to tend to be actions that tolerate fraud. As the explanation above indicates that an unqualified audit opinion is suspected to encourage management to commit fraud.According to Salim et al (2017) stated that the audit committee has the authority to carry out the supervisory function of the company to apply accounting principles and good governance in the financial reporting process. According to the Statement of Financial Auditing Standards (PSAK) auditing is a systematic process that aims to obtain and evaluate evidence collected on statements or assertions about economic actions, events and see the level of relationship between statements or assertions and reality, as well as communicating the results to the public. interested parties.

According to Akbar T (2017: 111) in the *International Journal of Business, Economics and Law*, fraud in financial statements will increase if there is pressure originating from financial stability and pressure from institutional ownership. Previously, according to researcher Skousen *et al.* (2009) in Saputra (2016), it was explained that the pressure experienced by companies in this condition was usually the need to obtain sources of financing or additional debt from outside parties to maintain the company's condition so that it could compete with other companies. Therefore, management will take various measures so that the company's financial stability is in good condition. This will increase the occurrence of manipulation of financial statements. External pressure is the pressure faced by management to meet expectations from third parties.

In this study, the authors intend to use elements of the fraud pentagon theory as a basis for research in detecting fraud in financial statements (financial statement fraud). Using the fraud pentagon theory because this theory is a refinement of the fraud triangle and fraud diamond theory as well as the existence of a new element that was previously used little to be applied in detecting fraud in financial statements, namely the element of audit committee expertise. Until now, there are still few studies that use this theory to explore fraud that occurs in a company. Research related to the pentagon fraud has been carried out by several researchers, for example by Chyntia Tessa G and Puji Harto (2016), Akbar, T. (2017), Aprilia, (2018), Antawirya et al (2019).

Based on the above description, the problems in this study can be formulated as follows: (1) Will the audit opinion affect financial statement fraud? (2) Will external pressure affect financial statement fraud? (3) Will financial stability affect financial statement fraud? (4)Will the quality of the external audit affect financial statement fraud? (5) Will the presence of audit committee expertise affect financial statement fraud?

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

According to Jensen and Meckling (1976) agency relationship is defined as"a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decisions making authority to the agent". It can be concluded that the agency relationship is a contract between the principal and the agent, by looking at the delegation of some decision-making authority to the agent.Managers as agents morally have a responsibility to maximize the profits of the owners (principal) while on the other hand he also has an interest in maximizing their own welfare. This theory arises because of the relationship between the principal and the agent. Agency theory assumes that all individuals act in their own interests. Shareholders as principals are assumed to be only interested in increasing financial results or their investment in the company. The agents are assumed to receive satisfaction in the form of financial compensation and the accompanying conditions in the relationship. This theory attempts to describe the main factors that should be considered in designing incentive contracts.

In an agency theory, information asymmetry occurs or it can be called an information imbalance. Based on several opinions that have been known that each individual will try to prosper himself, so the agent will hide various information that is not known by the principal by taking advantage of the imbalance of information he has. Information imbalances and problems that occur between principals and agents can encourage agents to display information that is not in accordance with reality to the principal. According to Scott (1997) the essence of agency theory or agency theory is the design of the right contract to align the interests of the principal and agent in the event of a conflict of interest.

In essence, between the principal and the agent have different goals, the principal wants a high return on his investment while the agent has an interest in getting a large compensation for his work. This difference will affect the emergence of a conflict of interest between the principal and the agent.

Audit opinion is usually used to assess whether the company's financial statements prepared and presented by management have been labeled as accountable and transparent. Therefore, the audit opinion becomes a benchmark for indications of fraud that occurred (Aprillia, 2017). This is also supported by research by Ulfah et al (2017) and Siddiq et al (2017). Rationalization or rationalization is an attitude that assumes that what someone does is not a wrong act (Siddiq et al, 2017). This is in accordance with one of the elements in the theory introduced by Crowe (2011), namely rationalization with the audit opinion variable. Based on the description above, the hypothesis can be derived:

H1:Auditor's opinion has an effect on financial statement fraud.

According to Skousen et al (2009) in Saputra (2016) explains that the pressure experienced by companies in this condition is usually the need to obtain sources of financing or additional debt from outside parties to maintain the company's condition in order to remain able to compete with other companies. Therefore, management tends to try to manipulate financial statements with the aim of overcoming the requirements and agreements for borrowing funds from outside parties. External pressure is the pressure faced by management to meet the expectations of third parties. According to Skousen et al (2008) stated that the need to obtain additional debt or external financing sources is a pressure that is often experienced by management to remain competitive, including research financing and development expenditures or external capital pressure calculated using the leverage ratio, namely the ratio of total debt divided by total assets (debt to assets ratio). According to Kasmir (2013) said that a company that has a high leverage ratio means that the company has a large debt and has an impact on the risk of greater losses. The company's large debt is a source of pressure for management, because the risk of failing to repay the debt will also be higher. So companies need high profits to be able to convince creditors that they are able to pay their debts. This can be an impetus for management to carry out acts of manipulation. The above statement is evidenced by research conducted by Tiffani and Marfuah (2015), and Tessa and Harto (2016) which states that external pressure proxied by leverage has a significant positive effect on financial statement fraud. This means that the higher the leverage value, the higher the financial statement fraud committed by management. Based on the description above, the hypothesis can be derived:

H2: External pressure has an effect on financial statement fraud.

According to SAS No. 99 in Skousen et al (2008) explains that managers face pressure to commit fraud and manipulate financial statements when the financial stability and profitability of their companies are threatened by economic conditions, industry, and other situations. Research conducted by Loebbecke et al (1989) in Skousen et al (2008) also indicates that companies that are in a period of growth below the industry average allow management to manipulate financial statements to improve company performance. This is done by management so that the financial stability condition of the company is considered good by users of financial statements. Financial stability is a description of the company's stability seen from the financial sector. Companies are required to have good financial stability, this is because investors and creditors have a good view of the company so that they can facilitate investment and the flow of funds to the company in the future. According to Skousen et al (2008) stated that the growth of company assets is a form of manipulation of financial statements by management, a high percentage change in total assets indicates fraud. Therefore, the ratio of changes in total assets (ACHANGE) is used as a proxy for the financial stability variable.

Research conducted by Tiffani and Marfuah (2015), and Tessa and Harto (2017) has proven that financial stability has a significant effect on financial statement fraud. This means that the higher the ACHANGE value, the higher the fraudulent financial statements committed by management. Based on the description above, the hypothesis can be derived:

H3: Financial stability has an effect on financial statement fraud.

Audit quality can be interpreted as the ability of an auditor to find a fraud in the client's financial reporting and report the fraud (De Anggelo, 1981 in Siddiq et al. 2017). In this study, the variable quality of external audit is proxied by the auditor's reputation, namely Big four and Non big four. The quality of the external audit is determined by the selection of a public accounting firm appointed by the company, namely a public accounting firm that is a member of the Big Four and Non-Big Four.

According to research by Lennox and Pitman (2010) in Hanifa and Laksito (2015) it is explained that KAPs who are members of the Big four have human resources who have better skills and abilities compared to Non-Big Four KAPs in detecting potential fraud on financial statements. Therefore, companies that have external audit services that are members of the Big Four will have greater opportunities to detect potential fraud on financial statements. According to research conducted by Siddiq et al (2017), it is stated that if a company uses the services of one of the Big Four members, it is likely to be able to detect financial statement fraud because its human resources have better capabilities. Based on the description above, the hypothesis can be derived:

H4: The quality of external audit has an effect on financial statement fraud.

According to Rahmatika (2015) states that financial statement fraud has recently become a concern for auditors, if the company cannot apply the principles of good governance, it tends to have a higher potential for fraudulent financial statements. One of the principles of good governance is having an audit committee. According to Salim et al (2017) said that the audit committee is a committee within a company that is created by the board of commissioners and is responsible to it. To reduce the potential for fraud, the board of commissioners authorizes the audit committee to perform a supervisory function on the financial reporting process. Based on the description above, the hypothesis can be derived:

H5: Audit committee expertise has an effect on financial statement fraud.

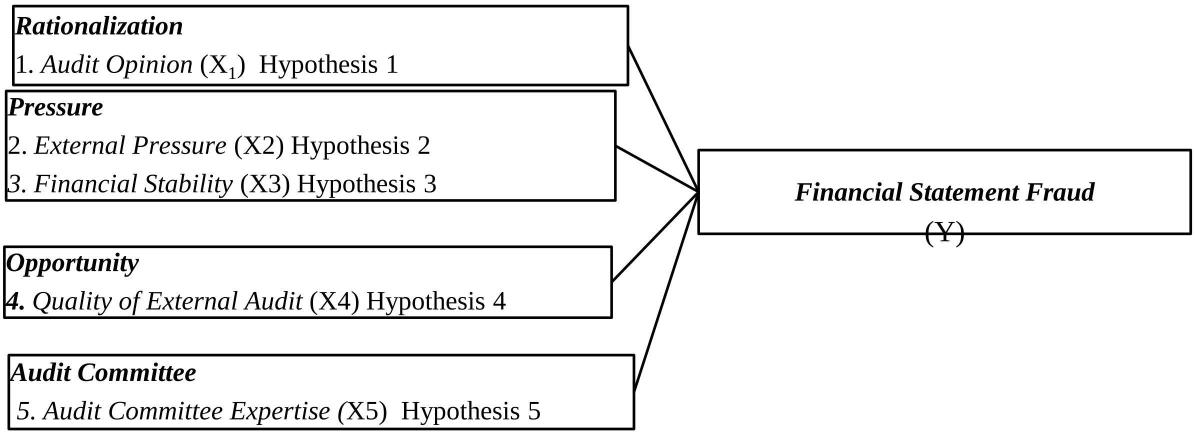

Figure 1. Hypothesis Framework

III. RESEARCH METHOD

The research method used in this study is quantitative research. The data source of this research is secondary data obtained from the annual financial statements of companies listed on the Indonesia Stock Exchange. The population in this study were banking companies listed on the Indonesia Stock Exchange for the period 2016-2018 using the sample selection criteria, namely the purposive sampling method. Wherefrom the selection of these criteria, a total sample size of 85 samples was obtained during the three year observation period.The data analysis method used is the *IBM SPSS* version 26 program for research data processing. The data obtained from the calculation of the formula from the financial statements carried out descriptive statistical analysis, data quality test, classical assumption test and hypothesis test. Descriptive statistics are used to analyze data by describing or describing the collected data as is without the intention of making generalized conclusions or generalizations. The classical assumption test was conducted to determine whether the data used in this study could be normally distributed, did not contain multicollinearity, and heteroscedasticity. The classical assumption test includes normality test, heteroscedasticity test, and multicollinearity test. Hypothesis testing is used to test how the influence of the independent variable and the dependent variable partially and how the moderating variable influences the independent variable on the dependent variable. This test uses multiple linear regression analysis model (multiple linear regression model) which is carried out through the coefficient of determination (R^2), partial regression test (t statistical test), and simultaneous test (F-test). The model of the regression equation as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

3.1. Dependent Variable

The dependent variable used in this study is financial statement fraud. The calculation method for measuring the occurrence of financial statement fraud is proxied by the fraud score model developed by Dechow *et al.* (2007). The variable component in the F-Score includes two things that can be seen in the financial statements, which are accrual quality proxied by RSST, financial performance proxied by changes in accounts receivable, changes in inventory accounts, changes in cash sales accounts, changes in EBIT. The F-Score model is the sum of two variables, namely accrual quality and financial performance. Can be described in the following equation:

$$F-Score = Accrual\ Quality + Financial\ Performance$$

Accrual quality is proxied by accrual RSST (Richardson, Sloan, Soliman and Tuna, 2005), by defining all non-cash and non-equity changes in a company's balance sheet as accruals and distinguishing the reliability characteristics of working capital (WC), non-current operating (NCO) and financial accruals (FIN). Accrual quality is measured by accrual RSST by calculating changes in current assets (excluding cash), less changes in current liabilities (excluding short-term debt) and depreciation, also taking into account changes in long-term operating assets and long-term operating liabilities. The calculation model:

$$\text{RSST } Accrual = \frac{\Delta WC + \Delta NCO + \Delta FIN}{Average\ Total\ Assets}$$

Description :

WC (*Working Capital*) = (*Current Assets – Current Liability*)
NCO (*Non-Current Operating Accrual*) = (*Total Assets – Current Assets – Long Term Debt*)
FIN (*Financial Accrual*) = *Total Investment – Total Liability*
ATS (*Average Total Assets*) = ($\frac{BeginningTotalAssets+EndTotalAssets}{2}$

Financial Performance = change in receivable + change in inventories + change in cash sales + change in earnings

Description :

Change in Receivable = $\frac{\Delta Receivable}{AverageTotalAssets}$

Change in Inventory = $\frac{\Delta Inventory}{AverageTotalAssets}$

Change in Cash Sales = $\frac{\Delta Sales}{Sales(t)} - \frac{\Delta Receivable}{Receivable(t)}$

Change in Earnings = $\frac{Earnings(t)}{AverageTotalAssets(t)} - \frac{Earnings\ (t-1)}{AverageTotalAssets(t-1)}$

3.2.IndependentVariable

3.2.1. Auditor's Opinion

According to Varmer (2003) in Firmanaya and Syafruddin (2014), the audit opinion is tolerant of the auditor on earnings management. Auditors can provide several opinions on the company that is audited in accordancewith the conditions that occur in the company. One of the auditor's opinions given is unqualified with explanatory sentences. Auditor's opinion (OPNADT) is measured using a dummy variable, if a company that gets an unqualified opinion with explanatory language during the research period is given code 1 and if the company that gets an opinion other than that opinion is given code 0.

3.2.2.External Pressure

According to Skousen *et al*. (2009), external pressure is the pressure on the company's management to fulfil its obligations according to the expectations of third parties. To overcome this pressure, companies need additional debt or external sources of financing to remain competitive, including in research financing and development or capital expenditures. In banking companies, the fees for external operations. Therefore, external pressure in this study is proxied by the leverage ratio (LEV). The leverage ratiocan be calculated using the following formula:

$$\textbf{LEV} = \frac{\textbf{Total Liabilities}}{\textbf{Total Assets}}$$

3.2.3.Financial Stability

Financial stability is a condition that describes a company's financial condition in a stable condition. When a company is in an unstable condition, it will create pressure for management because its performance seems to decline, thus hampering the flow of investment funds in the coming year. Therefore, management will take various measures so that the company's financial stability is in good condition. This certainly increases the occurrence of manipulation of financial reports by managers. The company's financial condition can be seen from how the assets are. In this study, financial stability is proxied by ACHANGE, which is the ratio of changes in assets. The ratio of changes in assets can be calculated using the following formula:

$$ACHANGE = \frac{Total\ Aset\ (t) - Total\ Aset\ (t-1)}{Total\ Aset\ (t-1)}$$

3.2.4. Quality of External Audit

According to Lennox and Pittman (2010) in Siddiq *et al.* (2017) state that if a company uses the services of one of the Big Four members, they will likely be able to detect financial statement fraud because their human resources have better abilities. Quality of external audit is proxied by the reputation of the auditor, namely the Big Four and Non-Big Four. Therefore, in this study, the quality of external audit is proxied by the auditor's reputation as measured by dummy variables. If the company uses Big four KAP audit services, it will be given code 1, and if the company does not use Big four KAP audit services, it will be given code 0.

3.2.5. Audit Committee Expertise

In this study, the expertise of the audit committee (EXPERTISE) is measured by using the percentage of the number of audit committee members who have an accounting and / or financial education background to the total members of the audit committee (Handoko and Ramadhani, 2017).

IV. FINDING AND DISCUSSION

The research object used in this study is financial statement fraud as the dependent variable calculated using the fraud score model developed by Dechow et al. (2007). The independent variables in this study are audit opinion, external pressure, financial stability, quality of external audit and audit committee expertise. The data used is the annual financial statements of banking companies in the 2016 - 2018 period.

Based on table 1, the results of descriptive statistics show that the financial statement fraud variable has a minimum value of -0.8901 with a maximum value of -0.4266. The average value is -0.652409 with a standard deviation of 0.1068340.The audit opinion variable is measured using a dummy variable which has a minimum value of 0 with a maximum value of 1.The average value is 0.02, with a standard deviation of 0.152. The variable number of CEO's pictures has a minimum value of 4.

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Y_Financial Statement Fraud	85	-0,8901	-0,4266	-0,652409	0,1068340
X_1_Audit Opinion	85	0	1	0,02	0,152
X2_External Pressure	85	0,7320	0,9328	0,836703	0,0381350
X3_Financial Stability	85	-0,1363	0,3030	0,083212	0,0901601
X4_Quality of External Audit	85	0	1	0,65	0,481
X5_Audit Committee Expertise	85	0,0000	1,0000	0,524930	0,2427336
Valid N (listwise)	**85**				

Source: IBM SPSS Version 26 (2020) Output

The average value is 2.46, with a standard deviation of 0.894. The external pressure variable has a minimum value of 0.7320 with a maximum value of 0.9328. The average value is 0.836703, with a standard deviation of 0.0381350. The financial stability variable has a minimum value of -0.1363 with a maximum value of 0.3030. The average value is 0.083212, with a standard deviation of 0.0901601. The variable quality of the external audit is measured using a dummy variable that has a minimum value of 0 with a maximum value of 1. The average value is 0.65, with a standard deviation of 0.481. The Audit Committee Expertise variable has a minimum value of 0.0000 with a maximum value of 1.0000. The average value is 0.524930, with a standard deviation of 0.2427336.

4.1. Classic Assumption Test

Normality Test

According to Ghozali (2016), the normality test is carried out to test whether the regression model for the data variables is normal, data that is normally distributed forms a line that follows the direction of the normal curve. The normality test aims to test whether the research data is normally distributed or not. In the regression analysis, it is expected that the residuals are normally distributed. The normality test in this study used the Kolmogorov-Smirnov test.

Tabel 2. Uji Normalitas Kolmogorov-Smirnov

		Unstandardized Residual
N		85
Normal Parameters[a,b]	Mean	-,0052793
	Std. Deviation	,05075188
Most Extreme Differences	Absolute	,068
	Positive	,052
	Negative	-,068
Test Statistic		,068
Asymp. Sig. (2-tailed)		,200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: IBM SPSS Version 26 (2020) Output

Based on table 2, the data in this study have met the criteria for normality testing with the Kolmogorov-Smirnov method, namely the Asymp value. Sig> 0.05 so that the data in this study were normally distributed.

Multicollinearity Test

According to Ghozali (2016), the multicollinearity test aims to test whether a regression model is found whether there is a significant correlation or influence between the independent variables. A good regression model should not have a correlation between the independent variables. Multicollinearity deviation can be seen from the value of the independent variable that has a VIF above 10 or a tolerance below 0.1, where if both measurements are met, it means that there is a correlation between the variables. Following are the multicollinearity test results in table 3:

Table 3. Multicollinearity Test

Model	Collinearity Tollerance	Statistic VIF
1 (Constant)		
X1 Audit Opinion	0,892	1,122
X2 External Pressure	0,985	1,016
X3 Financial Stability	0,910	1,099
X4 Quality of External Audit	0,884	1,131
X5 Audit CommitteeExpertise	0,933	1,072

a. Dependent Variable: YFinancial Statement Fraud

Source: IBM SPSS Version 26 (2020) Output

Based on the results of table 3, it has met the criteria for tolerance> 0.1 and VIF> 10, which means that there is no correlation between the independent variables in this regression, so it can be concluded that there is no multicollinearity in this regression.

Heteroscedasticity Test

The following is an image of the results of SPSS 26.00 to test for heteroscedasticity:

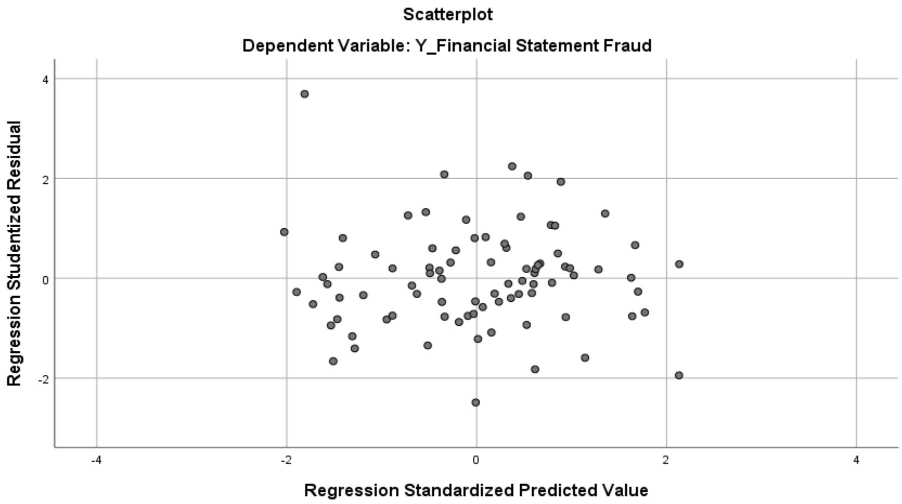

Figure 2. Scatter Plot Graph

Source: IBM SPSS Version 26 (2020) Output

Based on Figure 2, the scatter plot graph shows that the points spread above or below the number 0 on the Y-axis and the points do not form patterns such as wavy, curved and narrowed so it can be concluded that this regression does not occur heteroscedasticity.

Autocorrelation Test

The following table is the results for SPSS 26.00 to test autocorrelation:

Table 5. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,617[a]	0,380	0,324	0,0878407	2,138

a. Predictors: (Constant), X_1_Audit Opinion, X2_External Pressure, X3_Financial Stability, X4_Quality of External Audit, X5_Audit Committee Expertise.

b. Dependent Variable: Y_Financial Statement Fraud

Source: IBM SPSS Version 26 (2020) Output

Based on table 5, the results of the Durbin-Watson (DW) value are 2.138 where this value is in accordance with Durbin Watson's decision-making criteria, namely 1.8288 <2.138 <2.1712, which means there is no autocorrelation.

4.2. Hypothesis Test

Determination Coefficient Test (R^2)

Table 6.Determination Coefficient Test (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,617[a]	0,380	0,324	0,0878407

Source: IBM SPSS Version 26 (2020) Output

Based on the test results presented in table 6, it shows that the adjusted R square value is 0.324. This means that 32.4% of the variation in financial statement fraud can be explained by the variable audit opinion (X_1), external pressure (X_2), financial stability (X_3), qualityof external audit (X_4), and audit committee expertise (X_5) on financial statement fraud (Y). In contrast, the remaining 67.6% is explained by other variables not included in the study.

Simultaneous Significance Test (F-Test)

Table 7. Simultaneous Test (F-Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,365	5	,052	6,750	,000[b]
	Residual	0,594	79	0,009		
	Total	0,959	84			

a. Dependent Variable: Y_Financial Statement Fraud

b. Predictors: (Constant), X_1_Audit Opinion,X2_External Pressure, X3_Financial Stability, X-4_Quality of External Audit, X5_Audit Committee Expertise.

Source: IBM SPSS Version 26 (2020) Output

Based on the test results presented in table 7, it shows that the F value is 6,750 with a p-value of 0,000. The test results show a p-value of 0.000 <0.05, which can be concluded that the regression value is fit based based on decision making in the F test. This means that there is a significant effect simultaneously (together) on the audit opinion variable (X_1), external pressure (X_2), financial stability (X_3),quality of external audit (X_4), and audit committee expertise (X_5) on financial statement fraud (Y).

Partial Significance Test (t-test) and Multiple Linear Regression Analysis

Based on table 8, the regression model shows the results for (1) the audit opinion variable with a significance value (sig) of 0.282 or greater than the significant level of 0.05 with t count of -1.084, thus it can be concluded that the audit opinion variable has no effect on financial statement fraud, which means that Ha_1 is rejected.

Table 8. t-test and Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant) ,210		,218		,964	,338
	X_1_Audit Opinion	-,072	,067	-,103	-1,084	,282
	X2_External Pressure	-1,074	,253	-,383	-4,239	,000
	X3_Financial Stability	-,382	,111	-,322	-3,429	,001
	X4_Quality of External Audit	,021	,021	,096	1,009	,316
	X5_Audit Committee Expertise	,001	,041	,002	,027	,979

a. Dependent Variable: Y_Financial Statement Fraud

Source: IBM SPSS Version 26 (2020) Output

(2) the external pressure variable has a significance value (sig) of 0.000 or less than the significant level of 0.05 with a t-count of -4.239, thus it can be concluded that the external pressure variable has an effect on financial statement fraud, which means that Ha_3 is accepted. (3) the financial stability variable has a significance value (sig) of 0.001 or less than the significant level of 0.05 with a t-count of -3.429, thus it can be concluded that the financial stability variable has an effect on financial statement fraud, which means that Ha_4 is accepted. (4) the quality of external audit variable has a significance value (sig) of 0.316 or greater than the significant level of 0.05 with a t-count of 1.009, thus it can be concluded that the variable quality of external audit has no effect on financial statement fraud, which means Ha_6 rejected. (5) the audit committee expertise variable has a significance value (sig) of 0.979 or greater than the significant level of 0.05 with a t-count of 0.027, thus it can be concluded that the audit committee expertise variable has no effect on financial statement fraud, which means that Ha_7 is rejected. The research results in table 8 also show the following regression model:

$Y = 0{,}210 – 0{,}072X_1 – 1{,}074X_2 – 0{,}382X_3 + 0{,}021X_4 + 0{,}001X_5 + \varepsilon$

Discussion

The Influence of Audit Opinion on Financial Statement Fraud

On this variable, the test wasperformed by testing the regression significance of the audit opinion variable, which consists of Unqualified Opinion and Modified Unqualified Opinion. Audit opinion variable is proxied by looking at whether or not a company has received an unqualified opinion. The occurrence factor does not significantly influence because the modified unqualified audit opinion that has been obtained in the bank sub-sector company for the period 2016-2018 in this study is usually disclosed if the annual financial report involves another auditor, the audit opinion is given because the explanatory language is an explanation of certain matters where the translation is required in the financial statements and does not change the fairness of the financial statements so that it is difficult to be used as an indicator in detecting financial statement fraud. The results of this study are supported by a research theory put forward by Skousen e*t al.* (2009) which has proven that audit opinions do not significantly influence financial statement fraud.

The Influence of External Pressure on Fraud Financial Statement

On this variable, the test was performed by testing the regression significance of the external pressure variable. The significant influence factor is because it has been influenced by the high amount of debt of a banking company during the period of this study so that it has an impact on the higher leverage ratio because it is not supported by an increase in assets every year. Therefore it creates pressure for managers who come from external pressure to commit financial statement fraud. Massive debt to the company is a source of pressure for management because the risk of failure to repay the debt is also higher. The results of this study are supported by agency theory which in this theory assumes that all individuals act on their own interests. The results of this study are supported by research theory put forward by Skousen *et al.* (2009) which states that external pressure affects financial statement fraud. Schucther & Levi (2015) also suggest that pressure is the main cause of fraud, this research is also in line with research conducted by Chyntia Tessa G and Puji Harto (2016), Yulianti e*t al.* (2019), Akbar T (2018), which states that that external pressure affects financial statement fraud.

The Influence of Financial Stability on Fraud Financial Statement

On this variable, the test was performed by testing the regression significance of the financial stability variable. The significant influence factor is if the greater the value of financial stability, the potential for financial statement fraud will also increase. When the company's financial condition is in an unstable condition, the potential for financial statement fraud will increase. This situation is due to the decline in company performance and will hinder the flow of investment funds in the company that will occur in the future. The results of this study are in accordance with agency theory which assumes that the agent must be responsible for his work towards the owners (principal). The results of this study are supported by the asymmetric information theory under this circumstance which explains that one of the parties involved in the transaction has advantages and excess of information regarding the performance of a company's financial statements. The results of this study are supported by research theory put forward by Loebbecke *et al.* (1989) in Skousen *et al.* (2009) which states that the greater the ratio of changes in the total assets of a company will cause pressure for managers to face the possibility of potential financial statement fraud, where financial stability and profitability of the company are threatened by the state of the economy, industry and the situation of entities that are already operating. This research is also in line with research conducted by Akbar T (2018), Bawekes *et al.* (2018) which states that financial stability has a significant effect on financial statement fraud.

The Effect of Quality of External Auditon Financial Statement Fraud

On this variable, the test is performed by testing the regression significance of the variable quality of external audit. The factor of the event does not have a significant effect because it may has the same role between external auditors Big four public accounting firm and non-Big four public accounting firm in determining errors and finding irregularities in financial statements that contain material misrepresented based on common accounting standards. So, there is no significant difference in human resources between Big-four public accounting firms or non-Big-four public accounting firms because basically, in each individual public accounting firms must have competent human resources experts in their respective fields. The results of this study are in line with research conducted by Chyntia Tessa G and Puji Harto (2016) which has proven that the quality of external audit has no effect on financial statement fraud.

The Effect of Audit Committee Expertiseon Financial Statement Fraud

On this variable, the test is done by testing the regression significance of the audit committee expertise variable. The factor of the event has no significant effect due to the lack of audit committee members who have expertise or background in accounting or financial education in the bank subsector company in 2016-2018 in this research, because sometimes the company has an audit committee member who is expert in accounting or finance is only one or two people and just to meet the requirements that have been applicable regarding the composition of audit committee members within a company. The relationship between the audit committee expertise is in accordance with the agency theory and asymmetric information theory which means that the agent is responsible for the principal which is controlling the internal control of the company in order to create a more effective oversight of the company. The results of this study are supported by the theory put forward by McMullen and Raughunandan (1996) in DeZoort,F.Todd*et al.* (2002) stating that the problem will be less found if the company has the expertise of an audit committee in which all its members are independent, at least one of its members is certified as a public accountant or has compliance and expertise in accounting or finance. The results of this study are in line with research conducted by Mustafa and Nourhene (2012) in Handoko and Ramadhan (2017) which proves that audit committee expertise has no significant effect on financial statement fraud.

V. CONCLUSION

Based on the results of the study can be drawn conclusions, as follows: (1) Audit opinion(X_1) has no significant effect on financial statement fraud. (2) External pressure (X_2)affects and is significant to financial statement fraud. (3) Financial stability (X_3) affects and is significant to financial statement fraud. (4) The quality of external audit (X_4) has no significant effect on financial statement fraud. (5) Audit committee expertise (X_5) has no significant effect on financial statement fraud.There are limitations to this study for future researchers, namely: (1) being able to use different research objects to produce comprehensive results that can be used to see how the influence of research variables with different objects. (2) can add the research population using financial sector companies with varying criteria of sample and add the proxies of the fraud pentagon theory, including financial targets (financial targets) and ineffective monitoring (ineffective monitoring). (3) using other variable measuring instruments such as the Beneish M-Score Model or the Jones Model which aims to detect financial statement fraud.

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