



DIJEFA:
**Dinasti International Journal of
Economics, Finance & Accounting**

E-ISSN: 2721-303X
P-ISSN: 2721-3021

<https://dinastipub.org/DIJEFA> ✉ dinasti.info@gmail.com ☎ +62 811 7404 455

DOI: <https://doi.org/10.38035/dijeфа.v6i3>
<https://creativecommons.org/licenses/by/4.0/>

The Effect of Financial Targets and Financial Stability on Fraudulent Financial Reporting With The Audit Committee as A Moderation

Ni Kadek Dela Krisna Monica^{1*}, I Gusti Ayu Purnamawati², Desak Nyoman Sri Werastuti³

¹Universitas Pendidikan Ganesha, Bali, Indonesia, delakrisnamonica@gmail.com

²Universitas Pendidikan Ganesha, Bali, Indonesia, ayu.purnamawati@undiksha.ac.id

³Universitas Pendidikan Ganesha, Bali, Indonesia, sri.werastuti@undiksha.ac.id

*Corresponding Author: delakrisnamonica@gmail.com

Abstract: This study aims to determine several influencing variables, namely: (1) Financial Targets, (2) Financial Stability, Against Financial Report Fraud moderated by the Audit Committee variable. The population used in this study is the infrastructure sector companies listed on the Indonesia Stock Exchange in 2021-2023. Sampling using purposive sampling technique. The data collection method used is documentation, namely data obtained in the form of annual reports of each issuer of infrastructure sector companies listed on the Indonesia Stock Exchange in 2021-2023 and the literature study method is also applied by analyzing and analyzing various sources of literature related to this study. This research employs logistic regression analysis, with data processing conducted using the STATA software. The findings indicate that financial targets exert a significant negative impact on Financial Report Fraud, Financial Stability has a positive and significant effect on Financial Report Fraud, the Audit Committee weakens the negative effect of the influence of Financial Targets on Financial Report Fraud, the Audit Committee weakens the positive effect of Financial Stability on Financial Report Fraud.

Keyword: Fraudulent Financial Reporting, Audit Committee, The Effect of Financial Targets and Financial Stability

INTRODUCTION

In general, financial reports can be understood as documents that present data related to the company's financial condition, operational performance, and cash flow within a certain period of time, namely as a report containing information related to the company's financial condition at a certain point in time or during a certain period of time (Kasmir, 2019:7). In recent years, in June 2023 when PT. Indonesia Stock Exchange issued a statement alleging manipulation of financial reports or fraud regarding PT Waskita Karya Tbk. (WSKT). It is known that the company's president director played a role in the case of irregularities in the use of financing facilities from several banks with the Supply Chain Financing (SCF) scheme. The

President Director of Waskita was also dragged into it after an investigation was carried out regarding alleged corruption in Waskita's subsidiary, namely PT. Waskita Karya Beton Precast Tbk. which is suspected of carrying out fictitious projects (Kompas, 2023). Quoted from Koran Tempo, (2017) PT Adhi Karya, which operates in the construction, property, manufacturing, and investment sectors, has been charged with corruption in infrastructure projects. One of the most significant cases is the alleged misuse and embezzlement of funds in government projects handled by this company. Although Adhi Karya was not directly accused of committing large-scale fraud, several internal company officials are suspected of being involved in corrupt practices that harm the state. According to CCN Indonesia, PT Amarta Karya is a government-owned enterprise that focuses on building and managing infrastructure projects, including toll roads, seaports, and airports. It has committed financial reporting fraud in 2018-2020 by creating fictitious projects that have caused financial losses to the state. It is known that PT. Amarta Karya was involved in the construction project of the DKI Jakarta High Prosecutor's Office (Kejati) Building and acted as the main contractor at Bukit Algoritma. In this case, 2 suspects were named, namely President Director Catur Prabowo and Finance Director Trisna Sutisna (CNN Indonesia, 2023).

Agency theory argues that there is information inequality covering the parties involved in professional interactions, for example in the relationship between managers and staff, or between head office and branch offices, known as information asymmetry. This information imbalance can affect the effectiveness of the implementation of accounting systems in organizations (Sri Werastuti, 2021). In the context of agency theory, independent auditors have a role as a liaison between agents and principals who have conflicting interests. In addition, independent auditors also play a role in reducing agency costs that arise due to the behavior of managers who prioritize personal interests, independent auditors also try to prevent management fraud in preparing financial reports (Sujana & Dharmawan, 2023).

Fraud refers to an act done with bad intentions to deceive or defraud, that is, by using fraudulent means to obtain or deprive another person of money, assets, or property unlawfully. This act can occur either through direct action or as a result of the consequences arising from such action (Atmadja & Saputra, 2018). Fraudulent acts can include lying, plagiarism, and theft, with the intent of obtaining money, property, or other benefits. Fraud is also committed to avoid payment obligations, evade tax obligations, or to protect personal or business interests in an unethical manner (Atmadja et al., 2019). Fraud can be understood as an act of deception involving irregularities and violations of the law, carried out intentionally with a specific purpose, such as committing fraud or conveying misleading false information to other parties. These fraudulent acts may include deception, plagiarism, or theft, with the intent to obtain money, property, or other advantage (Sujana & Saputra, 2020). Marks (2014) created The Crowe's Fraud Pentagon which is a development of the fraud triangle theory first proposed by Cressey in 1953. In this model, two additional variables, namely competence and arrogance, are added to the three main elements contained in the fraud triangle. Therefore, the fraud triangle theory can be expanded into a fraud pentagon, which considers individual competence and arrogance as important elements, in addition to the three main factors that already exist, in triggering fraud.

According to SAS No. 99 in Parulian (2023) financial targets refer to situations where company management faces significant pressure to meet certain financial goals set by the party managing the company. In order to meet the company's profit objectives, managers are expected to indicate maximum performance so that the predetermined targets are achieved. In accordance with the fraud pentagon theory, financial targets are a form of pressure caused by the urge to commit fraud, if the company sets very high financial targets, employees may feel pressured to achieve them. This pressure can motivate individuals to engage in fraudulent actions, such as inflating sales figures or profit reports.

Financial stability is an important condition that reflects the company's ability to carry out its operations consistently without significant financial pressure. This stability not only affects the company's image in the eyes of investors and creditors, but can also be a driving factor for financial report manipulation, especially when the company faces pressure from economic conditions, industry, or internal problems. Based on SAS No. 99 and agency theory, pressure on management to show stable financial performance can create a conflict of interest, which has the potential to lead to fraud. Therefore, financial stability needs to be monitored closely and can be measured using changes in total assets (ACHANGE) as an indicator (Aprilia, 2017). The growth of an organization is significantly influenced by its financial stability (Sinarwati *et al.*, 2019). Conceptually, the preparation of financial reports aims to provide a comprehensive overview of the development of ongoing business activities. In addition, financial reports are also useful as a tool to assess the financial condition and stability of a business (Kurniawan, 2020).

The audit committee has a strategic role in supporting the board of commissioners to ensure transparency, accountability, and integrity of the company's financial reporting. Based on agency theory, the audit committee is a control mechanism that aims to reduce conflicts of interest between management and shareholders and reduce agency costs. The effectiveness of the audit committee greatly influences the quality of financial reports, because they are tasked with overseeing the reporting process, detecting potential fraud, and ensuring compliance with audit standards. Thus, the presence and good performance of the audit committee can increase stakeholder trust in the company's financial reports. Audits conducted based on high quality standards are able to produce useful and relevant information, especially for individuals or groups who use financial reports for specific purposes and to support the decision-making process (Werastuti, 2013).

Hypothesis

The Influence of Financial Targets on Financial Report Fraud

Setting high financial targets can create significant pressure on management, potentially driving them to manipulate financial statements to meet these expectations. This pressure is in accordance with SAS No. 99 and agency theory, which states that strong pressure from shareholders can create a burden on management, increasing the risk of accidents and causing information asymmetry. Thus, the ambition to achieve unrealistic profit targets can be a major trigger for deviations in a company's financial reporting (Susanto, 2023).

H1: Financial Targets Have a Positive Influence on Financial Report Fraud

The Influence of Financial Stability on Financial Report Fraud

Financial stability reflects a company's financial condition that is safe and free from significant uncertainty. However, when this stability is disturbed by external factors such as economic conditions or industry changes, or internal factors, management can face high pressure. This pressure, especially to obtain additional funding, has the potential to encourage management to commit fraud in financial reporting, such as manipulating asset growth unfairly. This is in accordance with SAS No. 99 which highlights pressure as one of the main triggers for fraud in financial reporting (Handayani dan Septiarini, 2021).

H2: Financial Stability has a positive effect on Financial Report Fraud

Audit Committee Opportunities in Moderating Financial Targets Against Financial Reporting Fraud

High pressure on management to achieve financial targets, both from internal such as directors and shareholders and from external, can encourage the emergence of deviation behavior in financial reporting. This pressure is often triggered by incentives for ambitious

sales or profit achievements. In accordance with SAS No. 99, this kind of situation increases the risk of fraud (Tamalia dan Andayani, 2018). Therefore, the importance of supervision through the audit committee function is crucial to ensure that management performance remains in accordance with principles and financial reports are prepared accurately and reliably.

H3: The Audit Committee is able to moderate the influence of Financial Targets on Financial Report Fraud

Audit Committee Opportunities in Moderating Financial Stability Against Financial Reporting Fraud

In the framework of the pentagon fraud theory, pressure is the main factor that can drive management or employees to commit fraud, either because of financial incentives or dissatisfaction with their jobs. This pressure can come from within the organization, such as unfair treatment or lack of appreciation, or from external conditions that threaten the company's financial stability (Faradiza, 2019). To prevent potential fraud due to such pressure, the role of the audit committee is very important in overseeing and maintaining the integrity of financial reporting and the company's financial stability.

H4: The Audit Committee is able to moderate the influence of Financial Stability on Financial Report Fraud

METHOD

The data sources in this study were obtained from secondary data, data obtained from IDX. The quantitative study approach is to collect data in the form of numbers that can be classified into certain categories, arranged in order of ranking, and analyzed using appropriate units of measurement. This type of data can be used to compile graphs or tables that display raw data. This study intends to prove a theory and present empirical evidence that can strengthen or refute the theory (Adiputra, 2014). The population in this study were business actors in the infrastructure sector registered during the period 2021 to 2023. Data collection was carried out by downloading annual reports and audited financial reports from companies listed on the IDX.

The sample selection in this study used a purposive sampling technique, with sample selection. More specifically, the sample criteria for this study are: (a) Infrastructure sector companies listed on the Indonesia Stock Exchange for the period 2021–2023 (b) Researchers can find consecutive annual financial reports from 2021–2023 on infrastructure sector companies listed on the Indonesia Stock Exchange (c) Researchers can find complete information in the annual financial reports used in this study. The total number of companies that meet the criteria to be used as the study includes a sample of 180 companies.

RESULTS AND DISCUSSION

Descriptive Statistic

In this analysis, the minimum and maximum values are calculated for each variable, both independent and dependent, along with the calculation of the mean and standard deviation to determine the distribution of the data compared to the average value (Herawati & Sinarwati, 2018).

The results of the descriptive statistics are stated in Figure 1.

. summarize fraud roa achange ka

Variable	Obs	Mean	Std. dev.	Min	Max
fraud	180	.3388889	.4746523	0	1
roa	180	-.0301111	.5353848	-4.58	1.18
achange	180	.1449444	.656228	-.79	5.36
ka	180	.8327222	.2784571	.2	1.5

Source: Research Results

Figure 1. Descriptive Statistics

Normality Assumption Test

Normality testing aims to determine whether the distribution of data in a group conforms to a normal distribution. The results of the normality test indicate a probability value in the Shapiro Wilk test of 0.33138, which has a value of more than 0.05, indicating that the data follows a normal distribution.

. . swilk fraud

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
fraud	180	0.99111	1.210	0.436	0.33138

Source: Research Results

Figure 2. Shapiro-Wilk Test

Multicollinearity Assumption Test

Multicollinearity test is used to determine whether there is a significant relationship between independent variables in a regression model. Multicollinearity can be identified through the Variance Inflation Factor (VIF) value. If the VIF value is less than 10 and the correlation between variables is below 0.8, then the model is considered not to have multicollinearity problems.

. estat vif

Variable	VIF	1/VIF
achange	1.19	0.840183
roa	1.16	0.861738
ka	1.03	0.971180
Mean VIF	1.13	

Source: Research Results

Figure 3. Variance Inflation Factor (VIF)

Heteroskedasticity Assumption Test

Heteroscedasticity test is needed to review whether there is a difference in residual variance between observations in the regression model. In this study, the test was conducted using the Breusch-Pagan method. If the probability value is greater than 0.05, then it can be concluded that there is no indication of heteroscedasticity. Conversely, if the significance value is less than 0.05, this indicates a heteroscedasticity problem.

```
. estat hettest roa achange ka x1z x2z

Breusch-Pagan/Cook-Weisberg test for heteroskedasticity
Assumption: Normal error terms
Variables: roa achange ka x1z x2z

H0: Constant variance

      chi2(4) =    3.40
Prob > chi2 = 0.4928
```

Source: Research Results
Figure 4. Breusch-Pagan Test

Autocorrelation Assumption Test

This test is conducted to understand whether there is a relationship or correlation between the variables tested in a time series between the current and previous periods. If the test results indicate that the regression model is free from autocorrelation, then the model can be categorized as a feasible or good regression model. The Earson product-moment correlation test aims to measure the strength and direction of the relationship between variables, which is indicated by the correlation coefficient.

```
. pwcorr fraud roa achange ka x1z x2z, sig
```

	fraud	roa	achange	ka	x1z	x2z
fraud	1.0000					
roa	-0.0279 0.7103	1.0000				
achange	0.0002 0.9977	0.3718 0.0000	1.0000			
ka	0.1790 0.0162	0.0625 0.4047	0.1698 0.0227	1.0000		
x1z	0.1108 0.1388	0.8689 0.0000	0.4099 0.0000	0.3026 0.0000	1.0000	
x2z	-0.0742 0.3225	0.3925 0.0000	0.8830 0.0000	0.3290 0.0000	0.6170 0.0000	1.0000

Source: Research Results
Figure 5. Earson Product-Moment Test

Regression Model Suitability Test

Assessment of Overall Model Fit in logistic regression analysis can be done by looking at the log likelihood value. A decrease in the log likelihood value from the comparison model to the full model indicates that the regression model has good quality. The results of the feasibility test of the regression model conducted with STATA in this study obtained the log likelihood results.

```
. xtlogit fraud roa achange ka x1z x2z, re

Fitting comparison model:

Iteration 0: log likelihood = -115.25323
Iteration 1: log likelihood = -20.25059
Iteration 2: log likelihood = -19.343366
Iteration 3: log likelihood = -19.160514
Iteration 4: log likelihood = -19.120635
Iteration 5: log likelihood = -19.110845
Iteration 6: log likelihood = -19.108788
Iteration 7: log likelihood = -19.108352
Iteration 8: log likelihood = -19.108254
Iteration 9: log likelihood = -19.10823
Iteration 10: log likelihood = -19.108226
Iteration 11: log likelihood = -19.108225

Fitting full model:

tau = 0.0 log likelihood = -19.108225
tau = 0.1 log likelihood = -19.116644

Iteration 0: log likelihood = -19.116644
Iteration 1: log likelihood = -19.108376
Iteration 2: log likelihood = -19.108176
Iteration 3: log likelihood = -19.108094
Iteration 4: log likelihood = -19.108089
Iteration 5: log likelihood = -19.108089
```

Source: Research Results

Figure 6. Regression Model Suitability Result

Chi Square (X²) Test

The assessment of the feasibility of the logistic regression model in this study was carried out through the Hosmer and Lemeshow test, with the following hypothesis testing as the basis. If the Hosmer and Lemeshow's Goodness of Fit Test value exceeds 0.05, then the null hypothesis (H₀) is accepted, indicating that the model fits the data and is able to predict the observation value well. Conversely, if the value is less than or equal to 0.05, then H₀ is rejected, which means that there is a significant difference between the actual data and the model prediction results, so the model is considered inappropriate (Ghozali, 2019).

```
Wald chi2(5) = 3.17
Prob > chi2 = 0.6738
```

Source: Research Results

Figure 7. Hosmer and Lemeshow Test

Coefficient of Determination Test

The determination coefficient is obtained from the calculation results showing the R Square value in the logistic regression model. Based on the test results below, the R Square value is 0.8816. This indicates that 88.16 percent of the variation in Financial Report Fraud in companies listed on the Indonesia Stock Exchange during the 2021-2023 period can be significantly explained by the variables Financial Target (ROA), Financial Stability (AChange), Audit Committee, and the interaction between X1.Z and X2.Z. Meanwhile, the remaining 11.84 percent can be understood through other factors not analyzed in this study.

```
. regress fraud roa achange ka x1z x2z
```

Source	SS	df	MS	Number of obs	=	180
Model	35.68798	5	7.13759601	F(5, 174)	=	267.67
Residual	4.63979775	174	.026665504	Prob > F	=	0.0000
				R-squared	=	0.8849
				Adj R-squared	=	0.8816
Total	40.327778	179	.225294848	Root MSE	=	.1633

Source: Research Results

Figure 8. Nagelkerke R Square Test

Logistic Regression Test

The Wald test in logistic regression is used to assess the influence of each independent variable on the dependent variable separately. The testing process is carried out by comparing the Wald statistical value with the Chi-square value based on a certain degree of freedom (df) = 1 with a significance level of 5%, or by comparing the p-value with alpha 5%. If the p-value is smaller than the significance level (alpha), then the hypothesis is accepted, which indicates a significant influence between the independent and dependent variables partially.

fraud	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
roa	-.9853868	.0297874	-33.08	0.000	-1.044178	-.9265957
achange	.9642138	.0292361	32.98	0.000	.9065109	1.021917
ka	-.0796492	.0423424	-1.88	0.062	-.16322	.0039216
x1z	.9847033	.0284814	34.57	0.000	.9284899	1.040917
x2z	-.9580389	.0274542	-34.90	0.000	-1.012225	-.9038527
_cons	.0050994	.0411146	0.12	0.901	-.0760481	.086247

Source: Research Results

Figure 9. Logistic Regression Test

T Test

The Influence of Financial Targets (ROA) on Financial Report Fraud

The results of the t-test calculation indicate the magnitude of the Financial Target (ROA) regression coefficient, which is -0.9853868 with a significance value of 0.000 less than 0.05. These results indicate that the financial target represented by Return on Assets (ROA) has a negative and significant influence on fraudulent practices in the preparation of financial reports in companies listed on the Indonesia Stock Exchange throughout the 2021–2023 period.

Referring to the findings of the regression analysis, Return on Assets (ROA) as a measure of financial targets indicates a significant negative influence on the risk of financial statement manipulation in companies listed on the Indonesia Stock Exchange during the period 2021 to 2023. This finding reflects the increasing results achieved by the company in achieving its financial targets. Consequently, the risk of fraudulent actions in financial statements will decrease, ROA represents how effective the company is in gaining profits through the utilization of its total assets. Because this indicator is also used as a reference for evaluating managerial performance and as a basis for determining incentives such as bonuses and salary increases, the achievement of high ROA reflects positive company performance. Thus, the more stable the company's financial performance, the lower the possibility of fraud in financial statements.

This study shows results consistent with agency theory, which states that high demands from company owners (principals) regarding the achievement of financial targets, while the company's actual performance is inadequate, can encourage management (agents) to take certain steps to meet these expectations. In this condition, the potential for manipulation practices in financial reporting becomes greater, because there is a difference in the level of information held between management and shareholders (Jensen & Meckling, 1976 in Ghozali, 2018). High financial targets can create pressure for managers, which in turn motivates them to make inappropriate decisions on the principle of accountability in preparing financial statements. This condition is in line with the guidance in SAS No. 99, which states that pressure to meet high profit targets is one of the risk factors for increasing the potential for fraud in financial statements (Susanto, 2023).

fraud	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
roa	-.9853868	.0297874	-33.08	0.000	-1.044178	-.9265957
achange	.9642138	.0292361	32.98	0.000	.9065109	1.021917
ka	-.0796492	.0423424	-1.88	0.062	-.16322	.0039216
x1z	.9847033	.0284814	34.57	0.000	.9284899	1.040917
x2z	-.9580389	.0274542	-34.90	0.000	-1.012225	-.9038527
_cons	.0050994	.0411146	0.12	0.901	-.0760481	.086247

Source: Research Results

Figure 10. T Test (ROA>Fraud)

The Influence of Financial Stability (AChange) on Financial Report Fraud

The results of the t-test calculation indicate the magnitude of the Financial Stability regression coefficient (AChange) which is 0.9642138 which indicates a positive value with a significance level of 0.000, smaller than the threshold of 0.050. These results indicate that financial stability as measured by the asset change ratio (AChange) has a positive and significant impact on the potential for fraud in financial statements in companies listed on the Indonesia Stock Exchange during the 2021–2023 period.

The results of this study are in line with agency theory, which emphasizes that managers as agents are obliged to carry out actions that prioritize the interests of the company's owners (principals). When the company's condition is unstable or facing financial pressure, management can experience pressure due to suboptimal performance and inability to manage assets efficiently, which ultimately does not meet shareholder expectations. This condition can encourage management to take manipulative steps, including in the form of conditions in the financial statements, in order to maintain the company's image as financially healthy. According to (Septiarini & Handayani, 2018), financial stability describes a situation where a company's financial condition is relatively stable and does not experience significant fluctuations. SAS No. 99 explains that pressure on management to commit financial reporting fraud can increase when the company's financial stability or profitability level is disrupted due to economic conditions, industry, or the entity's operational situation. One form of fraud that often occurs is related to the manipulation of asset growth. In an effort to maintain competitiveness, companies often require additional financing, either in the form of debt or external funding, to support activities such as study and development and capital investment. The pressure to obtain this source of funding can increase the risk of management manipulating financial information in order to maintain the company's image and operational continuity (Septiarini & Handayani, 2018).

This finding is in line with the results of Taslim, (2024) which indicates that financial stability can have a positive impact on the occurrence of fraudulent practices in financial reporting. This means that the higher the level of financial stability reflected in the change in total assets (ACHANGE), the possibility of fraud in financial reporting tends to increase.

fraud	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
roa	-.9853868	.0297874	-33.08	0.000	-1.044178	-.9265957
achange	.9642138	.0292361	32.98	0.000	.9065109	1.021917
ka	-.0796492	.0423424	-1.88	0.062	-.16322	.0039216
x1z	.9847033	.0284814	34.57	0.000	.9284899	1.040917
x2z	-.9580389	.0274542	-34.90	0.000	-1.012225	-.9038527
_cons	.0050994	.0411146	0.12	0.901	-.0760481	.086247

Source: Research Results

Figure 11. T Test (Achange>Fraud)

The role of the audit committee in moderating the influence of financial targets (ROA) on financial reporting fraud

The significance value for the Audit Committee moderation variable (β_3) is 0.062, indicating that this variable is not statistically significant. Meanwhile, the significance value for the interaction variable between Financial Target (ROA) and the Audit Committee (β_4) is 0.000, which means it is significant. These results indicate that the Audit Committee acts as a pure moderator. The purpose of this analysis is to determine whether the existence of the moderation variable strengthens or weakens the relationship between the independent and dependent variables.

Based on the results of the moderation regression, the Financial Target (ROA) variable is proven to have a significant negative effect on fraudulent practices in financial reporting. Meanwhile, the interaction between Financial Target (ROA) and the existence of the Audit Committee indicates a significant positive effect. This finding indicates that the audit committee acts as a moderating variable that is able to weaken the negative effect of financial targets on fraudulent practices in financial reporting. This means that the higher the financial target (ROA) set, the tendency for fraudulent reporting will increase. However, the existence of an audit committee that carries out its supervisory function effectively can reduce this potential, through the presentation of information that is appropriate, valid, and delivered in a timely manner. Thus, the audit committee is able to limit the room for management to manipulate the presentation of financial reports.

In accordance with the statement in SAS No. 99, pressure on management to achieve financial targets set by the board of directors—including incentives related to sales and profits—can trigger fraudulent actions (Tamalia dan Andayani, 2018). Every company routinely sets targets that must be achieved, both from internal and external parties. Pressure from various parties can encourage management to make deviations in order to achieve these targets. Therefore, the existence of an audit committee is important in maintaining transparency and integrity of financial reporting, by conducting intensive monitoring of management performance and ensuring that the information presented is unbiased.

fraud	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
roa	-.9853868	.0297874	-33.08	0.000	-1.044178	-.9265957
achange	.9642138	.0292361	32.98	0.000	.9065109	1.021917
ka	-.0796492	.0423424	-1.88	0.062	-.16322	.0039216
x1z	.9847033	.0284814	34.57	0.000	.9284899	1.040917
x2z	-.9580389	.0274542	-34.90	0.000	-1.012225	-.9038527
_cons	.0050994	.0411146	0.12	0.901	-.0760481	.086247

Source: Research Results

Figure 12. T Test (ROA + KA>Fraud)

The role of the Audit Committee in moderating the influence of Financial Stability (AChange) on Financial Report Fraud

The significance value for the Audit Committee moderation variable (β_3) is 0.062, which indicates that its influence is not significant. Meanwhile, the significance value for the interaction between Financial Stability (AChange) and the Audit Committee (β_4) is 0.000, which means it is significant. This finding indicates that the Audit Committee acts as a pure moderator. To determine whether the presence of this moderator increases or decreases the strength of the relationship between the independent variable and the dependent variable.

Referring to the findings of the moderation regression analysis, findings were obtained that became the basis for interpreting the relationship between variables in this study. That the Financial Stability (AChange) variable has a significant positive effect and the interaction variable of Financial Stability (AChange) with the audit committee is significantly negative, indicating a relationship in the opposite direction so that it is concluded that the audit committee

variable is a moderating variable that weakens the positive effect of Financial Stability (AChange) on Financial Report Fraud (fraud). This finding indicates that increasing Financial Stability (AChange), which has the potential to encourage fraud in financial reporting, can be minimized through the role of the audit committee. The presence of an audit committee that carries out its supervisory function optimally and presents accurate and timely information can prevent management from abusing authority in preparing financial reports.

This finding is consistent with the fraud pentagon theory, which states that pressure can arise when management or employees face incentives or conditions that encourage fraud. This pressure can come from various factors, including job dissatisfaction, lack of management attention, or injustice in the workplace, which can ultimately encourage individuals to commit fraud as a form of compensation for efforts that they feel are not appreciated (Faradiza, 2019). In this context, the audit committee plays an important role in maintaining the company's financial stability. However, the pressures arising from the demands to maintain this stability can also encourage management to take deviant actions.

fraud	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
roa	-.9853868	.0297874	-33.08	0.000	-1.044178	-.9265957
achange	.9642138	.0292361	32.98	0.000	.9065109	1.021917
ka	-.0796492	.0423424	-1.88	0.062	-.16322	.0039216
x1z	.9847033	.0284814	34.57	0.000	.9284899	1.040917
x2z	-.9580389	.0274542	-34.90	0.000	-1.012225	-.9038527
_cons	.0050994	.0411146	0.12	0.901	-.0760481	.086247

Source: Research Results

Figure 13. T Test (Achange + KA>Fraud)

CONCLUSION

Financial targets measured through Return on Assets (ROA) have been shown to have a negative and significant effect on the conditions in the presentation of financial reports. The higher the ROA achievement, the lower the potential for management, because good operational performance reduces the pressure on management to carry out management. Financial stability actually shows a significant positive effect on the risk of financial report conditions. In a stable financial situation, management has the potential to encourage maintaining a positive image of the company in the eyes of investors, which can trigger manipulation of financial reports in order to maintain the perception of stability and investment attractiveness. The audit committee is able to suppress potential events triggered by high financial targets. Strict and effective supervision from the audit committee limits management's room to manipulate financial reports, even though the pressure to meet financial targets is high. The audit committee also functions as a supervisor who can minimize the risk of financial report manipulation triggered by the company's financial stability. With accurate and continuous supervision, the audit committee is able to limit manipulative actions that management may take in order to maintain the image of the company's financial stability.

REFERENSI

- Adiputra, I. M. P. (2014). Flypaper Effect Pada Dana Alokasi Umum (DAU) Dan Pendapatan Asli Daerah (PAD) Terhadap Belanja Daerah Di Kabupaten Karangasem. *Jurnal Ilmiah Akuntansi Dan Humanika*, 3(2), 10–17.
- Aprilia, R., Hardi, H., & Al-Azhar, A. (2017). *Pengaruh Financial Stability, Personal Financial Need, Ineffective Monitoring, Change in Auditor Dan Change In Director Terhadap Financial Statement Fraud Dalam Perspektif Fraud Diamond (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efe* (Doctoral Dissertation, Riau University)

- Atmadja, A. T., Kurniawan, S. K. A., & Manurung, D. T. H. (2019). Proactive Fraud Audit, Whistleblowing and Cultural Implementation of Tri Hita Karana for Fraud Prevention. *European Research Studies Journal*, XXII(Issue 3), 201–214. <https://doi.org/10.35808/ersj/1466>
- Atmadja, A. T., & Saputra, K. A. K. (2018). Kegagalan Akuntansi dalam Menanggulangi Fraud (Perspektif Postmodern). *Jurnal Aplikasi Akuntansi (JAA)*, 3(1), 1–21.
- Faradiza, A. S. (2019). FRAUD PENTAGON DAN KECURANGAN LAPORAN KEUANGAN Sekar Akrom Faradiza. *Jurnal Ekonomi dan Bisnis*, 2, 1-22.
- Ghozali, I. 2019. Desain Penelitian Kualitatif dan Kuantitatif. Semarang: Universitas Diponegoro
- Handayani, S., & Waskito, B. I. (2021). The Moderating Effect Of Audit Committee On The Marks, J. (2014). Playing Offense in a Highrisk Environment. Retrieved from [http://www.crowehorwath.net/uploadedFiles/crowehorwathglobal/IIA/RISK8115_PlayingOffenseWP_lo\[1\].pdf](http://www.crowehorwath.net/uploadedFiles/crowehorwathglobal/IIA/RISK8115_PlayingOffenseWP_lo[1].pdf)
- Prevention Of Financial Statement Fraud With Pentagon Fraud Analysis. *Kasta: Jurnal Ilmu Sosial, Hukum, Agama, Budaya dan Terapan*, 1(1), 14-28.
- Kasmir. (2019). Analisis Laporan Keuangan. Pt Raja Grafindo Persada. Depok, (7).
- Kurniawan, P. S. (2020). Sosialisasi dan Pelatihan Penyusunan Laporan Keuangan Berbasis Teknologi Informasi bagi Pelaku UMKM di Desa Belatungan, Pupuan, Bali. *E-Dimas: Jurnal Pengabdian Kepada Masyarakat*, 11(4), 440–446. <https://doi.org/10.26877/e-dimas.v11i4.3981>
- Parulian, A. R. N. (2023). *Pengaruh Fraud Diamond Terhadap Potensi Terjadinya Kecurangan Laporan Keuangan Pada Perusahaan Perbankan Yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2020* (Doctoral
- Susanto, M. Y. (2023). *Analisis Pengaruh Teori Fraud Triangle Terhadap Kecurangan Laporan Keuangan Pada Perusahaan Properti Dan Real Estate Yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2022* (Doctoral Dissertation, Stie Indonesia Banjarmasin).
- Sinarwati, N. K., Sujana, E., & Herawati, N. T. (2019). Peran Sistem Informasi Akuntansi Berbasis Mobile Bagi Peningkatan Kinerja Umkm. *Jurnal KRISNA: Kumpulan Riset Akuntansi*, 11(1), 26–32. <http://dx.doi.org/10.22225/kr.11.1.1123.26-32>
- Sri Werastuti, D. N. (2021). Sustainability Balanced Scorecard and Management Communication in Evaluating A Company's Performance. *Jurnal Ilmiah Akuntansi Dan Bisnis*, 16(1), 45. <https://doi.org/10.24843/jiab.2021.v16.i01.p03>
- Sujana, E., & Dharmawan, N. A. S. (2023). Audit Quality Improvement and the Role of Risk : Audit as a Moderator. *Australasian Accounting, Business and Finance Journal (AABFJ)*, 17(4), 223–238
- Sujana, E., & Saputra, K. K. A. (2020). Fraud Detection and Prevention Methods : Inspector ' s Auditor ' s Perception in Bali. *Journal of Advertising Research in Dynamical & Control System*, 12(4), 8–16. <https://doi.org/10.5373/JARDCS/V12I4/20201413>
- Tamalia, N., & Andayani, S. (2021, March). Fraud Pentagon terhadap Pendeteksian Kecurangan Laporan Keuangan dengan Komite Audit sebagai Pemoderasi. In Seminar Nasional Akuntansi dan Call for Paper (Vol. 1, No. 1, pp. 49-60).
- Taslim, F. A. (2024). PENGARUH STABILITAS KEUANGAN, TARGET KEUANGAN, DAN TEKANAN EKSTERNAL TERHADAP KECURANGAN LAPORAN KEUANGAN (STUDI PADA PERUSAHAAN INDEKS LQ45 YANG TERDAFTAR DI BEI TAHUN 2019-2023). *Jurnal Ekonomi Pembangunan (JEPA)*, 15(2).
- Tempo, “KPK Tetapkan Dua Pejabat PT Waskita Karya jadi Tersangka”, dari laman <https://nasional.tempo.co/read/1156300/kpk-tetapkan-dua-pejabat-ptwaskita-karya-jadi-tersangka/full&view=ok>. Diakses tanggal 20 Maret 2017.