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The Influence of Fraud Diamond on Propensity Financial Statement Fraud with Audit Committee as Moderating Variable in Manufacturing Companies Sub Sector Food and Beverage Listed on the Indonesia Stock Exchange at the 2017-2019 Period

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ABSTRACT

The research objective was to examine and analyze the effect of financial stability, financial target, ineffective monitoring, change in auditor, change in direction on propensity financial statement fraud in manufacture companies sub-sector food and beverage listed on the Indonesia Stock Exchange at the period 2017-2019. This study also examines whether the audit committee can moderate the relationship between independent and dependent variables. The population was 26 companies. The method of determining the sample is using purposive sampling so that a sample of 42 observations. The research used descriptive quantitative method with classic assumption test, and multiple regression analysis (MRA) used two-equation regression tests.

The analysis technique used is the SPSS 25 software. The analysis technique used in this study uses panel data regression analysis and moderating test with Eviews 10 software tools. This study partially shows that financial stability has a positive and significant effect on the propensity for financial statement fraud. Meanwhile, financial targets, ineffective monitoring, auditor change, and director change did not influence the propensity for financial statement fraud. The audit committee variable does note moderate the financial stability, financial target, ineffective monitoring, change in auditors, change in director on propensity financial statement fraud.

Keywords: fraud diamond, pressure, opportunity, rationalization, capability, audit committee

INTRODUCTION

Financial statements provide important information that describes the condition and performance of the company during a certain period which is structured and follows generally accepted accounting standards so that it can be accounted for. The quality of financial reporting depends on the company's overall performance, which is reflected in the company's profit. The company's profit will provide information used by interested parties as an indicator of efficiency, so the information made in the financial statements must show financial statements that are understandable, reliable, relevant, and comparable. In this way, financial reports can provide an accurate picture of all parties interested in resource management and compliance with laws and regulations.

The fact that often happens is that there are still companies that issue invalid financial statements or are called accounting fraud. Financial statement fraud is carried out intentionally or negligently to deceive or deceive users of financial statements. Fraudulent financial statements can have a detrimental impact on the company. The

impact is that the company will look bad in financial reporting in users' eyes, especially external parties such as investors and other stakeholders. However, so far, fraudulent financial statements are often found by the company's management. It is indicated by cases of fraud that occurred in recent years, which are described in the table below:

Table 1: Cases of Companies That Fraudulent Financial Statements

Company	Case
1.PT Davomas Abadi Tbk (2012)	They are manipulating financial reports by delaying debt payment obligations and not disclosing information that must be announced to the public immediately.
2.PT Tiga Pilar Sejahtera Food Tbk (2017)	Two former directors manipulated the 2017 financial statements by inflating the receivables of six distributors from the actual 200 billion rupiahs to 1.6 trillion rupiahs.
3.PT Sariwangi Agricultural Estate Agency (2018)	In 2018 PT Sariwangi AEA was declared bankrupt by the Jakarta Commercial Court. PT Sariwangi AEA should pay interest debt to PT Bank IBCB Indonesia for IDR 309.6 billion, but PT Sariwangi cannot pay.

Source: Kabar24bisnis.com

Based on Table 1, many companies still commit fraud in presenting financial statements. Fraud cases continue to occur every year and become a problem for the company and interested parties; usually, the perpetrators of these fraudulent acts are people who have power in the company. According to the 2018 Association of Certified Fraud Examiners (ACFE) report, it shows that the losses experienced by a company due to fraud are around 5% of a company's gross income. Fraud cases occur because of the absence of good management from within and outside the company. To minimize the incidence of fraud is done by identifying the risks.

The Project Management Body of Knowledge (PMBOK, 2013) states that one of the ways to identify risk is by using root cause analysis, a specific technique used to identify a problem, find the underlying cause that causes it and develop preventive actions. The fraudulent techniques carried out also varied, ranging from utilizing accounting principles carrying out aggressive earnings management to carrying out illegal activities, which then remained hidden and led to the company's bankruptcy. Generally, the company's auditors are also involved in this fraud.

Financial statement fraud is a false statement that intentionally involves ignoring numbers or information in financial statements to mislead users of financial statements based on malicious intent to gain profit by influencing their perception of its performance and profitability. Financial statement fraud is an act against the law with an intentional element, such as presenting financial statements that are presented incorrectly for profit (Tuanakotta, 2014).

One way to determine if companies tend to have the potential to commit fraud is by analyzing the diamond fraud perspective, which Wolfe & Hermanson (2004) found. The fraud diamond theory is a form of refinement of the fraud triangle theory by Cressey in 1953. The fraud diamond theory adds one qualitative element that is believed to influence fraud, namely capability significantly. Wolfe & Hermanson believes that fraud will not occur without the right people with the right skills to handle the details of the fraud. They also suggest four observable traits for committing fraud. Fraud can be in the form of personal pressure, work pressure, or external pressure and any of these types of pressure can also arise due to financial and non-financial pressures (Gbegi & Adebisi, 2013).

The fraud score model is used in this study to see the possibility that companies tend to commit financial statement fraud. Dechow et al. (2011) determined that the fraud score model determines the average F-SCORE and its standard deviation for application in various countries or various sectors within the same country. The variable components of the F-SCORE include two things that can be seen in the financial statements, namely accrual quality, and financial performance. Accrual quality as proxied by RSST, and financial performance as 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: accrual quality and financial performance.

The results of the fraud score calculation is then adjusted to the criteria for the fraud score indicator. Dechow et al. (2011), in their research, mention the benchmark indicators for measuring the level of risk of misstatement of financial statements, namely:

Table 2: Indicator *Fraud Score*

F-Score	Category
F – Score > 2,45	High risk
F – Score > 1,85	Substantial risk
F – Score > 1	Risk above normal
F – Score <1	Low risk

In the picture below, four conditions cause fraud, known as fraud diamonds. These four elements are used as variables in this study.

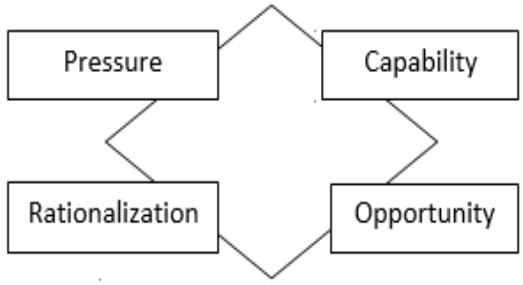

Figure 1: Fraud Diamond Concept

Pressure to manipulate financial statements can occur if management is under pressure from inside and outside the entity to achieve the net profit target, even if the target is not realistic. An employee also has an incentive to loot his company's assets, for example, if the expenditure to maintain a lifestyle is above his financial resources. The pressure felt by the fraud perpetrators is seen as a financial need that cannot be told to others (perceived non-sharable financial need). Incentives arise because they want a lifestyle that is not following their abilities and financial means (Tuanakotta, 2014).

Opportunity is a condition that allows fraudulent financial statements to occur because of opportunities. Opportunities can occur due to a lack of internal control, less effective management oversight, and abuse of authority (Tuanakotta, 2014).

Rationalization is one of the factors that cannot be separated from the potential for fraudulent financial statements. According to the wider community, rationalization is often associated with a person's attitude and character that justifies an unethical act. Rationalization refers to the justification and excuse that immoral behavior is different from criminal activity. If a person cannot justify a dishonest act, he is less likely to commit fraud (Abdullah & Mansor, 2015).

Wolfe & Hermanson (2004) say that many frauds will not occur without the right people who can commit fraud. A person's position or function in the organization can provide the ability to create or take advantage of opportunities to make fraud unavailable to others. So, it can be said that capability is a risk factor that encourages someone to commit fraud. Wolfe and Hermanson explain the characteristics related to the capability factor in personal fraud behavior, including position, intelligence, confidence, coercion skills, and effective lying and immunity to stress. Four traits that can be observed in committing fraud; (1) An authoritative position or function within the organization, (2) the capacity to understand and exploit accounting systems and internal control weaknesses, (3) the belief that they will not be detected or if caught will be released easily (4) the ability to cope with the stress created in the organization-good people when they do bad things (Kassem & Higson, 2012).

Based on the explanation above about the fraud diamond theory, which consists of pressure, opportunity, rationalization, and capability, it is suspected that several factors can be used to indicate financial statement fraud, namely financial stability, financial targets, ineffective monitoring, change in auditors, and change in directors.

Financial stability is a stable financial condition in a company. The

economic condition influences financial stability. If the economic conditions are unstable, it will affect its financial stability (Tuanakotta, 2014). Of course, things like this will put pressure on the company's management, so that management will justify any means to display financial statements that seem good.

Management often gets pressure to show that the company has managed assets well so that the profits it generates are also large and will later produce high returns for investors. For this reason, management uses financial reports as a tool to cover poor financial stability conditions by committing fraud (Rachbini & Rasiman, 2018). The results of the research of Putri & Lestari (2021), Annisya et al. (2016), and Indriyanto et al. (2021) stated that financial stability had a significant positive effect on the detection of financial statement fraud. Meanwhile, according to the research results by Akbar et al. (2021) and Fikri (2017), financial stability does not affect the detection of fraudulent financial statements. According to Sartono (2010), the proxies used to measure financial stability in this study are as follows:

$$ACHANGE = \frac{\text{Total Asset}_{t} - \text{Total Asset}_{t-1}}{\text{Total Asset}_{t-1}}$$

Financial targets are one factor in the pressure to commit fraud. Financial targets are pressures on company management to do their best to meet the financial goals set by the board of directors. The board of directors must implement internal controls to ensure effectiveness and efficiency in providing adequate guarantees for achieving financial goals (Committee of Sponsoring Organizations/COSO, 2013).

According to Sihombing (2014), a manager must carry out financial performance with the best performance to achieve financial targets as planned. The results of research by Mardiani et al. (2017), Indriyanto et al. (2021), and Yusnita & Utami (2021) state that financial targets have a significant positive effect on the detection of financial statement fraud. While Annisya et al., (2016), Putri & Lestari (2021) and Tamalia & Andayani (2021) financial targets have no effect on the detection of financial statement fraud. According to Skousen (2009), the proxies used to measure financial targets in this study are as follows:

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

Ineffective monitoring of the emergence of fraudulent practices is one factor that gives rise to fraudulent practices. It happens due to weak supervision or internal control within a company. COSO (2013) suggests that the internal control system must be monitored regularly. If there is a significant deficiency, it must be immediately reported to top management and the board of commissioners to prevent fraudulent practices.

Fraud practices are minimized by carrying out risk management first by monitoring remaining risks, identifying new risks, implementing risk response plans, and calculating their effectiveness over the project's life (PMBOK, 2013). The results of previous studies Oktarigusta (2017), Prakoso & Setiyorini (2021), and Akbar et al. (2021) state that the ineffectiveness of supervision has a significant positive effect on detecting fraudulent financial statements. Meanwhile, according to research Sari & Lestari (2020), Indriyanto et al. (2021), and Tamalia & Andayani (2021), the ineffectiveness of supervision does not affect the detection of financial statement fraud. The ineffectiveness of supervision proxied by the proportion of the board of commissioners is the lack of oversight of company policies by an object, so it is expected that the higher the proportion of the board of commissioners, the less opportunity for the board of directors to commit fraud on financial statements (Mardiani et al., 2017):

$$\text{BDOUT} = \frac{\text{Total of Independent Commissioner}}{\text{Total Board of Commissioners}}$$

Change in auditors is part of the rationalization that is difficult to measure.

Auditors are included in the organizational structure, which is the basis for implementing internal control. Good internal control will minimize fraudulent practices in the company by running a controlled environment. The control environment is a set of standards, processes, and structures that form the basis for implementing internal control throughout the organization (COSO, 2013).

The change of auditors in a company can be assessed to eliminate the fraud trial found by previous auditors (Sugita, 2018). Changes in the company's auditors can cause a transition period, making it easier for company management to commit fraud in presenting financial statements. The results of previous research by Tamalia & Andayani (2021) and Faradiza & Suyanto (2017) state that auditor turnover significantly affects financial statement fraud. Meanwhile, according to research by Rosida & Setyawan (2021), Oktarigusta (2017), Yusnita & Utami (2021), and Prakoso & Setiyorini (2021), auditor turnover does not affect financial statement fraud.

The change of auditors can be a statutory obligation, such as the provisions on a rotation of the Public Accountant Office in Indonesia. Financial Services Authority Regulation Number 13 of 2017 concerning the Use of Public Accountants and Public Accounting Firms in Financial Services Activities for a maximum of 3 (three) consecutive financial years. In this study, auditor turnover uses a dummy variable. If there is a change in the Public Accountant Office during the period, it is coded 1 and vice versa. If the company does not change the Public Accountant Office during the 2017-2019 period, it will be coded 0 (Nuha et al., 2014).

Change in directors is the transfer of authority from the old directors to the new directors to improve the performance of the previous management. Changes in directors are generally loaded with political content and the interests of certain parties that trigger the emergence of conflicts of interest (Sihombing, 2014). Therefore, the change of director opens opportunities for fraud, where the change of director will cause stress that individuals can use to commit fraud.

The change of directors can be an attempt by the company to improve the performance of the previous directors by changing the composition of the board of directors or by recruiting new directors who are considered more competent than the previous directors. However, a change in the board of directors can cause a stress period, increasing opportunities to commit fraud. The results of previous research by Rosida & Setyawan (2021), Yusnita & Utami (2021), Tamalia & Andayani (2021), and Oktarigusta (2017) Rahmayuni (2018) state that the change of directors has a significant positive effect on financial statement fraud. Meanwhile, according to Tanjung (2019), Sihombing & Cahyadi (2021), Akbar et al. (2021), Ariyanto et al. (2021), Putri & Lestari (2021), and Prakoso & Setiyorini (2021), the change of directors did not affect detection of fraudulent financial statements.

In this study, the change of directors was measured by a dummy variable. If there is a change of directors during the 2017-2019 period, it is coded 1, and vice versa. If the company does not change the board of directors during the 2017-2019 period, it will be coded 0 (Sihombing, 2014).

When looking at the tendency of companies to potentially commit financial statement fraud, there must be supervision from internal parties who have a strong influence on the company. In realizing Good Corporate Governance (GCG) and Sustainable Business, especially the government, an optimal role of the company's audit committee is needed in carrying out internal control and internal audits. So it is hoped that the implementation of corporate governance will run well, and any fraud that occurs can be reduced or even avoided.

Corporate governance includes the relationship between the stakeholders involved. It is related to the objectives of

good corporate management, so it is expected to create added value for all interested parties. Corporate governance plays an important role in preventing fraudulent financial reporting by company managers. One of the triggers for fraudulent financial statements is the weak corporate system in the company. Companies with weak corporate systems have a high potential for fraudulent financial reporting. According to Skousen et al. (2009), companies with weak corporate governance systems have the highest incidence of fraud.

The creation of GCG will require the role of the audit committee. GCG will not be successfully created and will only be a written concept without any supervisory action carried out by an independent party on business management. The task of the audit committee is to provide an independent professional opinion to the board of commissioners on reports or matters submitted by the board of directors. The formation of audit committees in companies in many countries is a feature of good corporate governance that is starting to take shape.

The audit committee is an internal company that has the task of assisting the board of commissioners in ensuring oversight of financial reporting. To exercise oversight over financial reporting, companies must establish an audit committee to evaluate and communicate internal control weaknesses on time to those responsible for taking corrective action, including top management and the board of commissioners (COSO, 2013).

In addition to encouraging the implementation of GCG, the main task of the audit committee is to provide an independent opinion on differences of opinion between management and accountants on the services provided. The audit committee will provide opinions on selecting accountants based on independence, scope, and cost of services and review and provide advice to the board of commissioners regarding potential conflicts of interest between the issuer or the company.

Wahyuningtias (2016) states that the more meetings held by the audit committee, the more effective the supervision will be to minimize opportunities to commit fraud. Abbot et al. (2000) proves that companies with audit committees that meet at least four times a year tend not to restate financial statements. There will be a negative relationship between audit committee annual meetings and financial statement fraud. In this study, the audit committee was used as a moderating variable. According to Wahyuninngtias (2016), the measurements used to measure the audit committee variables in this study are as follows:

Audit Committee = Number of Audit Committee Meetings

Based on the explanations and phenomena that occur above as well as the inconsistency of the results of previous studies, the researchers are interested in conducting research with the title "The Effect of Diamond Fraud on the Propensity of Fraud Financial Statements with the Audit Committee as a Moderating Variable in Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange 2017-2019 period".

Framework

Following the description of the background of the problem, literature review, and previous research, a conceptual research framework is prepared as follows:

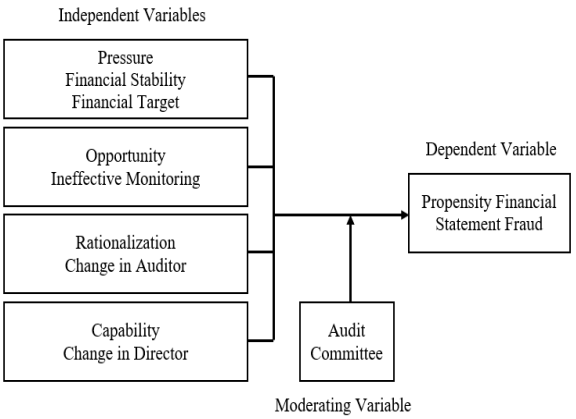

Figure 2: Conceptual Framework

H1: Financial stability has a positive and significant effect on the propensity of financial statement fraud.
H2: Financial target has a positive and significant effect on the propensity of financial statement fraud.
H3: Ineffective monitoring has a positive and significant effect on the propensity for financial statement fraud.
H4: Change in auditor has a positive and significant effect on the propensity of financial statement fraud.
H5: Change in director has a positive and significant effect on the propensity of financial statement fraud.
H6: The audit committee can moderate the effect of financial stability on the propensity of financial statement fraud.
H7: The audit committee can moderate the effect of financial targets on the propensity of financial statement fraud.
H8: The audit committee can moderate the effect of ineffective monitoring on the propensity of financial statement fraud.
H9: The audit committee can moderate the effect of change in auditor on the propensity of financial statement fraud.
H10: The audit committee can moderate the effect of change in directors on the propensity of financial statement fraud.

RESEARCH METHODS

The type of research used is descriptive quantitative research. Quantitative descriptive research was conducted to explain, examine the relationships between phenomena and determine the causality of the variables. Causality is a type of research with the aim of testing causality between 2 (two) or more variables (Sunyoto, 2013). This study aims to determine whether financial stability, financial targets, ineffective monitoring, change in auditors, and change in directors as independent variables can affect the propensity of financial statement fraud as the dependent variable with the audit committee as the moderating variable.

A population is a whole group of entities that can be in the form of people, events, or objects that have certain characteristics, which are in an area and meet certain requirements related to research problems (Erlina, 2011). The population in this study is the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX), totaling 26 companies.

The sample is the part of the population used to estimate the characteristics of the population (Erlina, 2011). The sample of this research was determined by the purposive sampling method. Purposive sampling is the selection of samples based on certain criteria and systematics. The criteria for companies that are used as samples in this study are:

1. Food and beverage sub-sector companies that go public are listed on the Indonesia Stock Exchange for the 2017-2019 period.
2. Food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2019 period.
3. Food and beverage sub-sector companies earn profits in the 2017-2019 period.

Based on the criteria for selecting the research sample that has been set above, the research sample obtained is 14 food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange, with a total of 42 units of observation for 3 (three) years of research.

The data collection method used in this research is a literature study, namely data obtained from several kinds of literature related to the problem being studied using documentation. Data processing in this study using Multiple Linear Regression. Analysis and Multiple Regression Analysis (MRA) Interaction Test using SPSS program/software tools.

RESULT AND DISCUSSION

Testing Data Analysis Requirements

Descriptive statistics

This study analyzes data using descriptive methods to describe the data processed in the study. Descriptive

statistical data from research variables can be seen in the following table:

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Propensity Financial Statement Fraud	42	-,265	,501	,07992	,193677
Financial Stabilty	42	-,206	,383	,10597	,125631
Financial Target	42	,001	,553	,12558	,114031
Ineffective Monitoring	42	,333	,667	,37738	,074636
Change In Auditor	42	0	1	,05	,216
Change In Director	42	0	1	,26	,445
Audit Committee	42	3	9	4,83	1,447
Valid N (listwise)	42				

Source: Data processed using SPSS (2021)

Based on the descriptive statistics table above, it can be concluded that:

1. In this study, manufacturing companies in the food and beverage sub-sector have a low risk of committing fraudulent financial reporting practices as measured by the F-SCORE model because they have a maximum value below one.
2. The ineffective monitoring variable has an average value of 0.37738. It means that according to the regulations of the Financial Services Authority, the number of independent commissioners must be at least 30% of the total members of the board of commissioners. So it can be concluded that, on average, the food and beverage manufacturing sub-sector companies listed on the Indonesia Stock Exchange for the period 2017 to 2019 have the proportion of independent commissioners following applicable regulations, which is 37% greater than 30%.
3. A dummy variable measures the auditor change variable (change auditor). The average value of 0.05 means that 5% of the sample in this study changed auditors from 2017 to 2019.
4. A dummy variable measures the variable change of directors (change director). The average value is 0.26, meaning that 26% of the sample in this study changed directors from 2017 to 2019.
5. The moderating variable of the audit committee is calculated based on the number of audit committee meetings in each company. The number of audit committee meetings in the companies sampled in this study follows BAPEPAM Regulation Number IX.I.5, which states that each company's number of audit committee meetings must hold meetings at least 4 (four) times 1 (one) matter. It can be seen from the average value of 4.83.

Classic assumption test

Normality test

The normality test results using the Kolmogorov-Smirnov (K-S) statistical test can be seen through Asymp. Sig. (2-tailed) of 0.200 which is greater than 0.05 (0.200 > 0.05). Thus it can be concluded that the data in the regression model has met the assumption of normality. The test results can be seen in Table 5.2 as follows:

Table 4: Kolmogorov-Smirnov (K-S)

		Unstandardized Residual
N		42
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.16046561
Most Extreme Differences	Absolute	.078
	Positive	.078
	Negative	-.067
Test Statistic		.078
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Data processed using SPSS (2021)

Multicollinearity Test

Based on the results of data processing carried out using SPSS, it can be seen that financial stability, financial targets, ineffective supervision, auditor turnover, and change of directors have a Tolerance value > 0.1 and a VIF value < 10. So it can be concluded that there is no multicollinearity between the variables. Independent and the regression model fulfills the assumption of the multicollinearity test. The test results can be seen in Table 5. below:

Table 5: Multicollinearity Test Result

Model		Collinearity Statistics		Description
		Tolerance	VIF	
1	(Constant)			
	Financial Stabilty	.915	1.093	No Multicollinearity
	Financial Target	.314	3.181	No Multicollinearity
	Ineffective Monitoring	.357	2.799	No Multicollinearity
	Change In Auditor	.746	1.340	No Multicollinearity
	Change In Director	.677	1.477	No Multicollinearity
	Audit Committee	.697	1.434	No Multicollinearity

Source: Data processed using SPSS (2021)

First Hypothesis Testing

Coefficient of Determination Test (R2)

Based on the results of testing the coefficient of determination, it can be seen that the R Square value is 0.268. It means that the variable tendency of financial statement fraud of 26.8% can be explained by financial stability, financial targets, ineffective supervision, auditor turnover, and change of directors. At the same time, the remaining 73.2% is explained by other variables not examined in this study. The test results can be seen in table 6. as follows:

Table 6: Determination Coefficient Test Results (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518[a]	.268	.167	,176805

Source: Data processed using SPSS (2021)

Simultaneous Significance Test (F Test)

Based on the simultaneous significance test, it is known that the significance level (0.039) < 0.05. Thus H0 is rejected, and H1 is accepted. It means that together with the variables of financial stability, financial targets, ineffective supervision, auditor turnover, and change of directors simultaneously have a significant effect on the tendency of fraudulent financial statements in the food and beverage companies sub-sector of manufacturing companies listed on the Indonesian Stock Exchange for the period 2017-2019. The test results can be seen in table 7. as follows:

Table 7: Simultaneous Significance Test Result

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.413	5	.083	2.640	.039[b]
	Residual	1.125	36	.031		
	Total	1.538	41			

Source: Data processed using SPSS (2021)

Partial Significance Test (t-Test)

The t-statistical test shows how far the influence of one independent variable individually in explaining the dependent variable is. The hypothesis is formulated as follows:

1. H0: Xi = 0, meaning that the independent variable has no significant effect on the dependent variable.
2. H1: Xi 0, meaning that the independent variable significantly influences the dependent variable.

Acceptance or rejection of the hypothesis in a study can be done with the following criteria:

1. If the statistical significance value is > 0.05, then H0 is accepted. It means that an independent variable individually does not influence the dependent variable.
2. If the significance value of t statistic <0.05, H0 is rejected. It means that an independent variable individually affects the dependent variable.

Table 8: Partial Test (T-test)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.092	.194		.474	.638
	Financial Stabilty	.481	.229	.312	2.097	.043
	Financial Target	-.276	.429	-.162	-.644	.524
	Ineffective Monitoring	-.055	.609	-.021	-.090	.929
	Change In Auditor	-.227	.148	-.252	-1.531	.134
	Change In Director	.012	.067	.026	.172	.864

Source: Data processed using SPSS (2021)

Based on the table above, it can be concluded that X1 (financial stability) has a positive and partially significant effect on the propensity of financial statement fraud, while X2 (financial target), X3 (ineffective monitoring), X4 (change in auditor) and X5

(change in director) has no partial effect on the propensity financial statement.

Second Hypothesis Testing

Coefficient of Determination Test (R2)

Based on the results of testing the coefficient of determination, it is known that the R Square value is 0.314. It means that the financial statement fraud tendency variable is 31.4%, explained by financial stability, financial targets, ineffective supervision, auditor turnover, changes in directors, the interaction of financial stability with the audit committee, interaction of financial targets with the audit committee, ineffective supervisory interactions with the audit committee, the interaction of the change of auditors with the audit committee and the interaction of the change of directors with the audit committee. In comparison, the remaining 68.6% is explained by other variables not examined in this study. The test results can be seen in the following table:

Table 9: Determination Coefficient Test Results (R2) Second Hypothesis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.560[a]	.314	.196	,173676

Source: Data processed using SPSS (2021)

Simultaneous Significance Test (F Statistics Test)

Based on the simultaneous significance test, it is known that the significance level (0.031) < 0.05. Thus, H0 is rejected, and H1 is accepted, which means together with the variables of financial stability, financial targets, ineffective supervision, auditor turnover, directors turnover, the interaction of financial stability with the audit committee, interaction of financial targets with the audit committee, interaction of ineffective supervision with the audit committee, the interaction of auditor turnover with the audit committee and the interaction of the change of directors with the audit committee simultaneously have a significant effect on the propensity of financial statement fraud in the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The test results can be seen in table 10:

Table 10: Simultaneous Significance Test (F Test F) Second Hypothesis

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.482	6	.080	2.664	.031[b]
	Residual	1.056	35	.030		
	Total	1.538	41			

Source: Data processed using SPSS (2021)

Test Moderating Variables with Interaction Test

From the results of the multiple regression analysis tests, it was obtained that the significance value of the interaction of financial stability, financial targets, the ineffectiveness of supervision, auditor turnover, and change of directors had a significance value greater than = 0.05. It was concluded that the audit committee weakened or could not moderate the effect of financial stability, financial targets, ineffective supervision, auditor change, change of directors on the propensity for financial statement fraud. The test results can be seen in the following table:

Table 11: Moderation Test (Interaction Test)

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	.448	.812		.551	.585
Financial Stability	.978	.753	.634	1.299	.204
Financial Target	-1.930	3.025	-1.136	-.638	.528
Ineffective Monitoring	-.267	2.555	-.103	-.104	.918
Change In Auditor	.487	1.895	.542	.257	.799
Change In Director	-.055	.301	-.126	-.182	.857
Audit Committee	-.078	.164	-.580	-.473	.639
Moderate Financial Stability	-.111	.151	-.359	-.735	.468
Moderate Financial Target	.342	.641	1.055	.534	.597
Moderate Ineffective Monitoring	.047	.516	.167	.090	.929
Moderate Change In Auditor	-.144	.361	-.887	-.400	.692
Moderate Change In Director	.024	.057	.356	.425	.674

Source: Data processed using SPSS (2021)

CONCLUSION

Based on the results of research and discussion in the previous chapter, the following conclusions can be drawn:

1. The pressure variable with financial stability as a proxy using ACHANGE partially has a positive and significant effect on the propensity of financial statement fraud.
2. The pressure variable with the financial target indicator as proxied using ROA partially does not affect the propensity of financial statement fraud.
3. The opportunity variable with the indicator of ineffective monitoring as proxied using BDOUT partially does not affect the propensity of financial statement fraud.
4. The rationalization variable with the change in auditor indicator as proxied using AUDCHANGE partially does not affect the propensity of financial statement fraud.
5. The variable of change in director ability as a proxy using DCHANGE partially does not affect the propensity of financial statement fraud.
6. The audit committee cannot be a moderating variable in the relationship between the effect of financial stability on the propensity of financial statement fraud.
7. The audit committee cannot be a moderating variable in the relationship between the influence of financial targets on the propensity of financial statement fraud.
8. The audit committee cannot be a moderating variable in the relationship between the effect of ineffective monitoring on the propensity of financial statement fraud.
9. The audit committee cannot be a moderating variable in the relationship between the effect of change in auditors on the propensity of financial statement fraud.
10. The audit committee cannot be a moderating variable in the relationship between the effect of change in directors on the propensity of financial statement fraud.

Limitations of the Research

Based on the discussion and conclusions that have been put forward, the study still has several limitations, including:

1. In this study, the F-SCORE model is used to measure the tendency of companies to commit financial statement fraud. However, there is no empirical evidence that this model can accurately predict fraud in financial statements in Indonesia. It is recommended to research companies that have been proven to commit financial statement fraud and test this F-SCORE model to obtain more accurate evidence from using the F-SCORE model in Indonesia.
2. The sample in this study is still limited because there are only 26 food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. Furthermore, the timeframe used is three years (2017-2019), so the study results cannot be generalized.
3. This study uses five independent variables from the four elements in the fraud diamond. So there are still elements of the fraud diamond that consist of one or more independent variables with different results.

SUGGESTION

Based on the conclusions and limitations that have been started, the researchers provide several suggestions, including:

1. For further researchers who wish to conduct similar research, it is hoped that they can use a wider data scope, not only manufacturing companies in the food and beverage sub-sector. So that research results can be generalized, further researchers should use moderating variables other than the audit committee.
2. For companies, the results of this study are expected that the management must maintain a stable company's financial condition and continue to improve internal control to minimize the

occurrence of fraudulent financial statements that can harm the company.

3. For investors, from the results of this study, it is hoped that investors will remain cautious in investing. However, this study shows no indications of manufacturing companies in the food and beverage sub-sector of fraudulent financial statements.

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