

ABSTRACT

This study uses the pentagon theory to test and examine the elements of fraud. Pressure with an indicator of financial stability, opportunity with an indicator of the audit committee, rationalization with an indicator of change in auditor, competence with an indicator of CEO tenure, and arrogance with an indicator of the number of CEO photos displayed on financial statements fraud. The F-SCORE scale is used to assess financial statement fraud. Manufacturing companies are the research object chosen for 2019-2021. Multiple linear regression analysis models were used to test hypotheses using SPSS 25, the sample of this research used purposive sampling, and the data obtained were 138 sample. The results showed that Change in Auditor had a significant negative effect on financial statement fraud. While the Financial Stability, Audit Committee CEO tenure and the Frequent number of CEO images have a significant positive effect on financial statement fraud.

The implications of this study are companies in the future will need to operate at peak efficiency in order to create stable financial conditions and find the best solution in the event of a company crisis that affects the assets produced. It is expected that the audit committee will oversee the organization's internal control system, ensure that control procedures are effective in preventing fraud, and regularly test and monitor the audit committee's internal control system to look for flaws or openings that fraudsters might exploit. To lessen the risk of fraudulent financial statements, businesses are expected to be able to develop a strong internal control system, put in place proper accounting procedures, and foster a strong culture of integrity throughout the organisation. the importance of management's dedication to upholding ethical business practices and good corporate compliance.

Keyword : Financial Statement Fraud, Fraud Pentagon, Fraud Score Model, Financial Stability, Audit Committee, Change In Auditor, CEO Tenure, Frequent Number of CEO Picture.