Hexagon Fraud Analysis in Detecting Potential Fraud in Financial Reports with the Audit Committee as A Moderation (A Study of State-Owned Companies Listed on the IDX In 2019-2023)

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Abstract

This study aims to analyze the effect of elements in the fraud hexagon theory on the potential for fraudulent financial statements in State-Owned Enterprises (BUMN) companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The independent variables studied include external pressure, ineffective monitoring, change of auditor, change of director, arrogance, and collusion. In contrast, the dependent variable studied is potential financial statement fraud, and the moderating variable is the audit committee. This study uses a quantitative approach using secondary data in the form of company financial reports, and the data analysis technique used is EViews. Based on the analysis, the results are that a change of auditor, director, and arrogance significantly affect the potential for fraudulent financial statements.In contrast, external pressure, ineffective monitoring and collusion do not significantly affect the potential for fraudulent financial statements. The results also found that the audit committee can moderate the effect of a change of auditor and director on the potential for fraudulent financial statements. In contrast, the audit committee cannot moderate the effect of external pressure, ineffective monitoring, collusion and arrogance on the potential for fraudulent financial statements. The study results are expected to expand knowledge, add references, and provide additional information in mitigating the potential for fraudulent financial statements, especially in state-owned companies.

Keywords: fraud hexagon, fraudulent financial statements, audit committee

DOI: 10.7176/EJBM/17-6-09
Publication date: July 30th 2025

1. Introduction

Financial reports are financial information in the form of financial position and financial performance presented by a company to users of the financial reports for decision-making purposes (IAI, 2019). According to Purnawati et al. (2024), the criteria for useful information must be supported by relevance, timeliness, and accuracy. However, some companies still fail to present financial reports according to these criteria. One cause is fraud committed by management for personal or group gain.

Fraud is an act by various parties to manipulate information in financial reports for personal gain and to the detriment of others (ACFE, 2024). The Association of Certified Fraud Examiners (ACFE) published Occupational Fraud 2024: Report to the Nations, which describes fraud in the form of a fraud tree: corruption, misappropriation of assets, and fraudulent financial reporting. Fraudulent financial reporting has the lowest incidence rate of these three types of fraud but results in the most significant losses (ACFE, 2024). This indicates that once someone is caught committing fraudulent financial reporting, they are likely to have committed other types of fraud (ACFE, 2024). Fraudulent financial reporting significantly affects a company's decision-making control (Skousen et al., 2009).

Occupational Fraud 2024: A Report to the Nations analyzed 1,921 occupational fraud cases from 138 countries and territories investigated between January 2022 and September 2023. These cases resulted in total losses of over $3.1 billion. The Association of Certified Fraud Examiners (ACFE) estimates that companies lose as much as 5% of their revenue due to fraud. The report's outline shows that fraudulent financial reporting has the lowest incidence rate, at 5%, but the highest loss impact, at $766,000. Furthermore, fraud cases perpetrated by owners and executives resulted in losses seven times greater than those perpetrated by employees, with owner and executive fraud cases resulting in losses of $459,000 and employee fraud cases resulting in losses of $60,000.

In the 2019 Indonesian Fraud Survey, financial statement fraud was recorded in only 6.7% of respondents surveyed. This figure indicates that although financial statement fraud is not as common as corruption (64.4%) or asset misappropriation (28.9%), it remains a significant concern in finance and accounting. Financial statement fraud can compromise the integrity of an organization's financial information and cause significant losses to stakeholders. Factors influencing financial statement fraud in Indonesia include pressure to achieve performance targets, management dissatisfaction, and inadequate oversight of the financial statement preparation process.

According to Law No. 19 of 2003, a State-Owned Enterprise (BUMN) is a business entity whose capital is wholly or primarily owned by the state. According to ACFE Indonesia (2020), the government is the organization or institution most affected by fraud. State-Owned Enterprises (SOEs) ranked second with losses of 31.8 billion rupiah, followed by private companies at 15.1%, non-profit organisations at 2.9%, and other organisations at 1.7%. Cases of financial reporting fraud in Indonesia, particularly in SOEs, have been published in a press release from the Financial Services Authority (OJK) in Table 1.

Table 1. Financial Services Authority (OJK) Press Releases on State-Owned Enterprises

No Surat	Company Name (BUMN)	Regarding	Cheating Category
SP 26/DHMS/OJK/VI/2019	PT Garuda Indonesia (Persero) Tbk	The OJK imposed sanctions for violations of OJK Regulation Number 29/POJK.04/2016 concerning the Annual Report of Issuers or Public Companies.	Financial Statement Fraud
SP 137/OJK/GKPB/IX/2024	PT Asuransi Jiwasraya (Persero)	The OJK issued a Business Activity Restriction (PKU) sanction to PT Asuransi Jiwasraya (Persero) (PT AJS) for violations of several regulations in the insurance sector.	Financial Statement Fraud

Sources: (OJK, 2019; OJK, 2024)

Based on the Financial Services Authority Press Release Number SP26/DHMS/OJK/VI/2019 dated June 28, 2019, it is explained that PT Garuda Indonesia (Persero) Tbk was imposed an administrative sanction in the form of a fine of IDR 100 million for violating OJK Regulation Number 29/POJK.04/2016 concerning Annual Reports of Issuers or Public Companies. PT Garuda Indonesia (Persero) Tbk is also required to conduct a public expose on the improvement and restatement of its annual financial statements as of December 31, 2018, no later than 14 (fourteen) days after the issuance of the sanction letter for violating Article 69 of Law Number 8 of 1995 concerning Capital Markets. This case is included in financial reporting fraud because fictitious revenue is recognised. It does not meet the criteria for revenue recognition by Financial Accounting Standards (SAK), specifically violations of PSAK No. 23 concerning Revenue and Interpretation of Financial Accounting Standards (ISAK) 8 concerning Determining Whether an Agreement Contains a Lease. Based on the Financial Services Authority Press Release Number SP137/OJK/GKPB/IX/2024 dated September 13, 2024, it is explained that PT Asuransi Jiwasraya (Persero) and Berdikari Insurance were subject to business activity restriction sanctions by the OJK for violating several insurance regulations. With this sanction, PT Asuransi Jiwasraya (Persero) and Berdikari Insurance are prohibited from conducting new insurance coverage for all lines of business for the insurance companies starting September 11, 2024, until the companies can resolve the reasons for the PKU sanctions for all business activities. This case falls into the category of fraud because it is considered to violate the provisions of insurance laws and regulations, namely the failure to maintain the capital adequacy ratio according to the minimum limit set by the Financial Services Authority (OJK) and violations of investment limits, asset quality, or other financial obligations that could jeopardize business continuity and the interests of policyholders. Several media outlets reported potential financial reporting fraud at other state-owned enterprises, including PT Waskita Karya, which allegedly manipulated its financial statements in 2016. This was followed by a fraud case at PT Timah Tbk in 2024, which indicated financial reporting manipulation to conceal illegal activities that harmed numerous parties, including investors and the public. More recently, allegations of fraud at another state-owned enterprise, PT Pertamina, according to the Supreme Audit Agency (BPK) audit, also indicated potential irregularities in its financial statements.

Fraud cases in Indonesia, particularly at state-owned enterprises, have shown a dynamic trend in recent years. Various media and law enforcement reports indicate that fraud remains a significant challenge to the economy and public trust. The COVID-19 pandemic in 2020-2021 is also suspected to have triggered an increase in fraud cases. The pandemic can create economic pressures and regulatory changes that could potentially influence fraud, particularly in 2019-2023, which covers the period before, during, and after the COVID-19 pandemic.

Several theories explain the analytical methods used to detect potential financial statement fraud, one of which is the fraud triangle, introduced by Cressey in 1953. According to Cressey (1953), three factors cause someone to commit fraud: pressure, opportunity, and rationalization. This theory was later developed by Wolfe and Hermanson (2004) by adding one more factor as a fourth element, namely capability, which forms the fraud diamond theory. Crowe Horwath (2011) further developed this theory by adding one fraud factor as a fifth element, namely arrogance (ego), which forms the fraud pentagon theory. The fraud pentagon theory was further developed by adding one factor as a sixth element, collusion, which forms the fraud hexagon theory (Vousinas, 2019). The six elements in the fraud hexagon cannot be studied directly, so several proxies are needed to measure them. Many studies have tried to prove the validity of these four theories. Therefore, the author tried to conduct re-research to prove the validity of the four theories, especially the fraud hexagon theory, because this theory covers all variables in the fraud triangle theory and is a development of the fraud diamond and fraud pentagon theories.

Numerous studies have been conducted on fraudulent financial reporting, but have yielded mixed results. Pressure can significantly influence the likelihood of fraudulent financial reporting (Shaimaa et al., 2021). Meanwhile, research by Biduri et al. (2023) found that pressure had no significant effect on fraudulent financial reporting. Research by Bader et al. (2024) also found that pressure did not affect fraudulent financial reporting.

Using the indicator of ineffective monitoring, the opportunity element affected fraudulent financial reporting (Triyanto et al., 2023). However, research contradicts previous findings, indicating no effect of ineffective monitoring on fraudulent financial reporting (Hakim et al., 2024). Furthermore, the rationalization element uses the indicator of auditor change. Research by Triyanto et al. (2023) found that auditor change influences fraudulent financial reporting. However, this finding contradicts the research by Alfarago et al. (2023), which stated that auditor changes do not affect fraudulent financial reporting.

The capability element uses a change of director as an indicator. This change in directors impacts the likelihood of fraudulent financial reporting. This opinion aligns with research conducted by Nugroho and Diyanty (2022), which found that auditor changes influence the potential for fraudulent financial reporting. Meanwhile, research by Pamungkas and Sukma (2022) found that director changes do not affect the likelihood of fraudulent financial reporting. The arrogance element uses the frequency of CEO photos as an indicator. Research conducted by Biduri et al. (2023) found that arrogance influences the likelihood of fraudulent financial reporting. However, research obtained by Alfarago et al. (2023) found that arrogance does not affect fraudulent financial reporting. The next element, collusion, uses political connections as an indicator. Bader et al. (2024) found that collusion influences fraudulent financial reporting. However, research conducted by Alfarago et al. (2023) found that collusion does not influence fraudulent financial reporting.

Based on the research gap above, the authors are interested in conducting in-depth research on analysing and understanding the potential for financial statement fraud using the fraud hexagon. This research is novel, with the audit committee as a moderating variable. This use is based on previous research that stated the influence of audit committee oversight in detecting fraud in financial statements. Companies must have optimal governance mechanisms to realize their vision and mission, where one general indication of good governance is high-quality financial reports (Hasnan et al., 2021). Companies form audit committees to produce high-quality, fraud-free financial reports (Kamila & Parinduri, 2023). According to Broye and Johannes (2023), audit committees are tasked with monitoring managerial decisions and ensuring the accuracy of the financial statements. Audit committees can identify financial statement fraud cases due to their crucial role in the company's internal business operations (Ghafran et al., 2022).

2. Research Methods

This research was conducted on state-owned enterprises listed on the Indonesia Stock Exchange (IDX) in 2019-2023 through the official website of the Indonesia Stock Exchange (www.idx.co.id). This location was selected based on the availability of complete and reliable financial data from state-owned enterprises listed on the Indonesia Stock Exchange. The data used in this study include annual financial reports published by state-owned enterprises. The dependent variable in this study is financial statement fraud (Y). The independent variables in this study are External Pressure (X1), Ineffective Monitoring (X2), Change of Auditor (X3), Change of Director (X4), Arrogance (X5), and Collusion (X6). The moderating variable in this study is the Audit Committee (M). The population in this study is state-owned enterprises listed on the Indonesia Stock Exchange from 2019 to 2023. The sample in this study was determined using a non-probability sampling method. The sample determination in this study used a purposive sampling technique. The criteria used in sampling for this study are state-owned enterprises listed consecutively on the Indonesia Stock Exchange for the 2019-2023 period, publishing audited annual financial reports on the Indonesia Stock Exchange website and their respective personal websites for the 2019-2023 period, disclosing data related to the research variables and making them fully available in publications for the 2019-2023 period. Secondary data in this study are the financial reports of state-owned enterprises listed on the Indonesia Stock Exchange for the 2019-2023. Data collection in this study was carried out by reading, recording, and studying descriptions from books, scientific works related to this study and financial reports on state-owned enterprises for the 2019-2023 period on the Indonesia Stock Exchange website. The analysis technique used in this study is multiple linear regression analysis. This study uses Moderated Regression Analysis (MRA) to test whether the moderating variables affect the relationship between the independent and dependent variables.

3. Result

Table 2. Results of Normality Test

Jarque Bera	Sig	Information
2.318	0,313	Normally Distributed

Source: Data Proccesed, 2025

The residual normality test results showed a Jarque-Bera value of 2.318 and a significance level of 0.313, indicating a significance level above 0.05. Therefore, the data in this study are typically distributed.

Table 3.Multicollinearity Test Results

Variables	VIF	Information
EP	1.244	Non-Multicollinearity
IM	1.676	Non-Multicollinearity
CA	2.564	Non-Multicollinearity
CD	2.765	Non-Multicollinearity
ARG	1.576	Non-Multicollinearity
CO	1.240	Non-Multicollinearity
EP*KA	1.347	Non-Multicollinearity
IM*KA	2.074	Non-Multicollinearity
CA*KA	2.776	Non-Multicollinearity
CD*KA	2.629	Non-Multicollinearity
ARG*KA	1.563	Non-Multicollinearity
CO*KA	1.241	Non-Multicollinearity

Source: Data Proccesed, 2025

The multicollinearity test determines whether one independent variable has a direct relationship (correlation) with another. Multicollinearity can be seen from the VIF (Variance Inflation Factor) value. The VIF value for each independent variable is below 10, indicating no multicollinearity.

Table 4. Heteroscedasticity Test Results

Obs*R-Squared	Sig.	Information
12.338	0.418	Non-Heteroscedasticity

Source: Data Proccesed, 2025

The heteroscedasticity test aims to determine whether there is inequality in the variance of residuals from one observation to another in a regression model. The results above yield a significance value of Obs*Rsquared of 0.418, greater than 0.05, indicating no heteroscedasticity.

Table 5. Autocorrelation Test Results

du	4-du	dw	Information
1.9483	2.0517	2.042	Non-Autocorrelation

Source: Data Proccesed, 2025

The du value with n100 and k12 is 1.9483, so 4-du 2.0517. The dw value above is 2.042, so there is no autocorrelation problem.

Table 6. Regression Results

Variables	Coef.	t test	Sig.	Information
Constant	-0.523			
EP	0.023	0.999	0.320	Not Significant
IM	3.382	0.736	0.463	Not Significant
CA	5.260	2.259	0.026	Significant**
CD	5.949	2.229	0.028	Significant**
ARG	-0.692	-2.066	0.041	Significant**
CO	-0.152	-0.012	0.989	Not Significant
EP*KA	-0.006	-0.932	0.353	Not Significant
IM*KA	-0.324	-0.271	0.787	Significant*
CA*KA	-1.047	-1.788	0.077	Significant*
CD*KA	-1.335	-1.921	0.058	Not Significant
ARG*KA	0.146	1.564	0.121	Not Significant
CO*KA	0.163	0.050	0.960	Not Significant
Fsig=0,099*; Fstatistic=2,138				
Rsquare=0,2162				

Source: Data Proccesed, 2025

Information= *** (Significant at 0,01); ** (significant at 0,05); * (significant at 0,10)
The regression results obtained by the regression model are as follows:

FFR = -0.523 + 0.023*EP + 3.382*IM + 5.260*CA + 5.949*CD - 0.692*ARG - 0.152*CO - 0.006*EP*KA - 0.324*IM*KA - 1.047*CA*KA - 1.335*CD*KA + 0.146*ARG*KA + 0.163*CO*KA

The coefficient of determination above is 0.2405, which means that the variables External Pressure, Ineffective Monitoring, Change of Auditor, Change of Director, Arrogance, Collusion, Audit Committee, and moderation of the independent variable with the audit committee can collectively influence the potential for financial statement fraud by 24.05%, with the remainder influenced by other variables.

The simultaneous test aims to determine whether the independent variables simultaneously affect the dependent variable. A simultaneous effect exists between the independent variables if the calculated F value is greater than the F table and the significance is less than 0.05. The calculated F value is 2.296, and the significance is 0.013, meaning the significance is less than 0.05. It can be concluded that there is a simultaneous effect of External Pressure, Ineffective Monitoring, Change of Auditor, Change of Director, Arrogance, Collusion, Audit Committee, and moderation of the independent variable with the audit committee on the potential for financial statement fraud.

The External Pressure variable does not significantly affect the potential for financial statement fraud. This study aligns with Afdal and Darmayanti (2021), who stated that external pressure does not affect financial statement fraud. External pressure is the psychological pressure felt by most parties outside the company, related to the company's good name and reputation. This study shows that managers in state-owned enterprises (SOEs) are less likely to commit financial statement fraud when pressured to commit fraud. This means that the pressure experienced by managers does not determine fraud.

The variable "ineffective monitoring" does not significantly affect the potential for financial statement fraud. This study aligns with Sabrina et al. (2020), who found that "ineffective monitoring" does not affect financial statement fraud. This study's results indicate that ineffective monitoring does not affect financial statement fraud, indicating that external oversight of internal activities is effective, thus preventing external parties from committing fraud. Based on agency theory, ineffective monitoring refers to a situation where the principal (company owner) lacks adequate mechanisms to monitor and control the agent's actions (management). As a result, the agent may act in their interests, rather than in the interests of the principal.

The variable "Change of Auditor" significantly affects the potential for financial statement fraud. The regression coefficient is positive, indicating a positive effect. This means that the higher the Change of Auditor, the higher the potential for financial statement fraud. Based on agency theory, auditor change as a proxy for rationalization indicates management's efforts to limit unethical actions or to cover up potential fraud in financial statements. Auditor change in a company can create an increased conflict of interest between agents and principals due to information asymmetry (Dung & Tuan, 2019). Misappropriation of company funds is caused by an auditor change (Nanda et al., 2019). Sari et al. (2020) show that financial statement fraud can be associated with auditor change, where auditors are one of the important controls in financial statement fraud. Research conducted by Pranyanita et al. (2021) states that auditor change influences financial statement fraud, where auditor changes are carried out to avoid detection of financial statement fraud by the company. This aligns with research conducted by Setyono et al. (2023), which states that auditor change positively affects financial statement fraud.

The Change of Director variable significantly affects the potential for financial statement fraud. The coefficient value is positive, indicating a positive effect, meaning that the higher the Change of Director, the greater the potential for financial statement fraud. In agency theory, director turnover can be a proxy for changes in management capabilities. Based on research conducted by Wolfe and Hermanson (2004), there are two possibilities for a company to change its directors: one is that the new directors replacing the old directors have better competencies to achieve the company's targets. The other is an indication of fraud, where the company replaces the old directors aware of the fraud within the company. Research conducted by Triyanto et al. (2023) states that director turnover influences the potential for financial statement fraud, where a change in directors to cover up existing fraud indicates financial statement fraud. Research by Rosida and Setyawan (2021) and Syahria (2019) indicates that director turnover influences financial statement fraud. This aligns with research conducted by Aviantara (2021), which states that director turnover influences financial statement fraud.

The arrogance variable significantly affects the potential for financial statement fraud. The regression coefficient is negative, indicating an negative effect. This means the higher the arrogance, the lower the potential for financial statement fraud. Based on agency theory, the frequency of CEO photos appearing in annual reports can be used as a proxy for arrogance. Arrogance refers to overconfidence, feelings of superiority, and a tendency to ignore risks. The frequency of CEO photos appearing in annual reports can represent arrogance. However, this study concluded that the greater the frequency of CEO photos appearing in annual reports, the lower the potential for fraud. This could be due to the CEO's sense of responsibility and a desire to tarnish his reputation.

The Collusion variable did not significantly influence the potential for financial statement fraud. This study's results align with Ramadhaniyah et al. (2023), who found that collusion, proxied by Government Cooperation Projects (PKP), did not affect corporate financial statement fraud. Furthermore, this study aligns with Octani et al. (2022) and Novarina & Triyanto (2022). The larger the scale of a company's cooperation project with the government, the greater the company's financial revenue (Novarina & Triyanto, 2022). This study shows that companies do not always undertake collaborative projects with the government, making detecting collusion in financial statement fraud difficult. In agency theory, collusion, proxied by political connections, significantly influences the risk of financial statement fraud.

The audit committee variable does not moderate the effect of external pressure on the potential for financial statement fraud. To meet external expectations, management faces excessive pressure from shareholders. Company management must demonstrate strong financial success to attract investors without requiring additional external loans or other funding sources. The audit committee supervises the follow-up actions taken by management in response to the company's internal auditor's findings. External pressures, such as leverage (debt levels), can encourage management to commit financial statement fraud, particularly in the state-owned enterprise sector.

The audit committee variable does not moderate the effect of ineffective monitoring on the potential for financial statement fraud. In agency theory, developed by Jensen and Meckling (1976), ineffective monitoring refers to the failure of internal and external oversight mechanisms to detect and prevent opportunistic actions by management. Good oversight from the audit committee can make it more difficult for perpetrators to commit financial statement fraud (Oktaviany & Reskino, 2023). An effective audit committee will optimize management oversight (Putra & Suprasto, 2021) and enable the company to act by agency theory by ensuring management effectively carries out the duties assigned by shareholders as principals (Sibuea & Arfianti, 2021).

The audit committee variable moderates the effect of auditor change on the potential for financial statement fraud. Based on agency theory developed by Jensen and Meckling (1976), rationalisation refers to the process by which management justifies its unethical actions, including fraudulent financial reporting, for its benefit. Voluntary auditor changes can raise suspicion regarding the company's rationalization or justification (Sarumaha et al., 2020). The audit committee can provide shareholders details regarding the external auditor's performance. This will prevent the need to change auditors due to management rationalization or justification and reduce the risk of auditors engaging in fraudulent activities due to unsatisfactory performance, thereby reducing financial statement fraud (Hakim et al., 2024). Research has successfully demonstrated that audit committees can moderate the impact of auditor changes on the potential for financial statement fraud (Santoso, 2019). Research conducted by Nugroho and Diyanty (2022) and Heru (2019) states that audit committees weaken the relationship between auditor changes and the potential for financial statement fraud. The size of the audit committee can facilitate operational oversight of management performance, enabling it to carry out its various roles and responsibilities more effectively and reducing the potential for financial statement fraud.

The audit committee variable moderates the effect of a change of directors on the potential for financial statement fraud. Based on agency theory, director turnover, as a proxy for capability, has the potential to influence indications of financial statement fraud. Leadership changes can bring changes in accounting policies and practices that can increase or decrease the risk of fraud. Director turnover, as a proxy for management capability, significantly impacts the ability to detect potential financial statement fraud, which the audit committee can moderate.

The audit committee variable does not moderate the effect of arrogance on the potential for financial statement fraud. Based on agency theory, arrogance, as proxied by the number of CEO photos in the annual report, can potentially influence the detection of financial statement fraud. CEOs who exhibit high arrogance through more frequent photos in the annual report may be more likely to take unnecessary risks or ignore important internal controls, thereby increasing the likelihood of fraud. However, this effect of arrogance may differ depending on the audit committee.

The audit committee variable does not moderate the effect of collusion on the potential for financial statement fraud. In agency theory, collusion, as proxied by political connections, can influence the potential for financial statement fraud. Based on agency theory, the potential for financial statement fraud can be exacerbated by collusion, proxied by political connections. Collusion is an act carried out by two or more people who make an agreement and deviate from it for the benefit of the colluders (Sari et al., 2022). Collaboration between management and multiple parties to manipulate transactions will be difficult to detect (Oktaviany & Reskino, 2023). Osazuwa (2016) argues that political connections can be found in companies whose directors hold positions as political officials, former government and military officials, or former military personnel.

4. Conclusion

Based on the results of research on the potential for financial statement fraud in state-owned companies listed on the Indonesia Stock Exchange, the following conclusions can be drawn: External Pressure does not significantly influence the potential for financial statement fraud. Ineffective monitoring does not significantly influence the potential for financial statement fraud. A change of Auditor significantly influences the potential for financial statement fraud. A change of Director significantly influences the potential for financial statement fraud. Arrogance significantly influences the potential for financial statement fraud. Collusion does not significantly influence the potential for financial statement fraud. The audit committee does not moderate the effect of External Pressure on the potential for financial statement fraud. The audit committee does not moderate the effect of Ineffective Monitoring on the potential for financial statement fraud. The audit committee moderates the effect of a Change of Auditor on the potential for financial statement fraud. The audit committee moderates the effect of a Change of directors on the potential for financial statement fraud. The audit committee does not moderate the effect of arrogance on the potential for financial statement fraud. The audit committee does not moderate the effect of collusion on the potential for financial statement fraud.

Based on the research results regarding the potential for financial statement fraud in state-owned companies listed on the Indonesia Stock Exchange, the following suggestions can be given: The results of this research can be used as information for auditors and users of financial statements to detect factors that influence the potential for financial statement fraud in a company where changes in auditors, changes in directors, and arrogance influence financial statement fraud. This research can be developed for further researchers by analysing other factors suspected of influencing the potential for financial statement fraud.

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