

ABSTRACT

This study aims to examine and determine the effect of the elements of the fraud triangle (financial targets, auditor changes, and effectiveness of supervision) which affect the occurrence of fraud on financial statement fraud with family ownership as a moderating variable. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. The sample was selected using a purposive sampling technique and a final sample of 295 was obtained. The data used was secondary or quantitative data with an explanatory design and analyzed using the Partial Least Square (PLS) Structural Equation Modeling (SEM) method with the SmartPLS 3.2.9 operating system.

The results of the study when all data were processed from 2018-2021 show that financial targets have a positive and significant effect on financial statement fraud, auditor changes do not have a significant effect on financial statement fraud, supervision effectiveness has a negative and significant effect on financial statement fraud. Family ownership is only able to strengthen the influence of the effectiveness of supervision on financial statement fraud.

The results of the study show that prior to the Covid-19 pandemic, financial targets had a positive and significant effect on financial statement fraud, auditor changes did not have a significant effect on financial statement fraud, supervision effectiveness had a negative and significant effect on financial statement fraud. Family ownership weakens the relationship between financial targets and financial statement fraud, family ownership strengthens the relationship between auditor changes and financial statement fraud, family ownership strengthens the relationship between the effectiveness of supervision of financial statement fraud. During the Covid-19 pandemic, financial targets had a positive and significant effect on financial statement fraud, auditor changes did not have a significant effect on financial statement fraud, and the effectiveness of supervision had a negative and significant effect on financial statement fraud. The researcher only found that family ownership was not able to strengthen the effect of changing auditors on financial statement fraud during the Covid-19 pandemic.

Keywords: *fraud, financial statement fraud, financial targets, auditor changes, monitoring effectiveness, M-score, family ownership.*