

ABSTRACT

This study aims to determine the modus operandi used by Jiwasraya management in cases of financial statement fraud that occurred in the period 2011 to 2021. The theory used in this research is the theory of financial statement fraud and signaling theory by using the analysis of red flags contained in the elements of the financial statements.

The data collection method used is the literature study method and documentation. This research is descriptive qualitative research with a case study approach. The data used is secondary data in the form of Jiwasraya's financial statements containing financial position reports and income statements from 2011 to 2021, 2016 BPK audit reports, and Jiwasraya case news articles from the mass media.

The results showed that the analysis of financial statements using horizontal, vertical, and ratio analysis with the Altman Z-Score method was able to find red flags in the elements of Jiwasraya's financial statements which were the modus operandi of crime committed by Jiwasraya's management. Altman Z-Score reveals that the company's financial health has deteriorated since 2011, which reinforces the theory that financial statement fraud occurs more in bankrupt companies.

Keywords: fraudulent financial statement, Altman Z-Score, modus operandi, Jiwasraya