ABSTRACT

The practice of fraudulent financial reporting is a form of fraud that often occurs and causes huge losses for companies, both financially and non-financially. The financial impact is in the form of large financial losses, while the non-financial impact is damage to the company's reputation. Damage to a company's reputation will result in a loss of trust from various stakeholders, which can make the company's future continuity difficult and could even lead to bankruptcy.

This research aims to test and analyze the detection of indications of fraudulent financial statements through the elements contained in the fraud hexagon theory. This research uses quantitative methods and the data used is secondary data in the form of company financial reports. The population in this research are manufacturing companies that received special notation from the Indonesia Stock Exchange (BEI) for the 2020-2023 period. The number of samples used was selected using a purposive sampling method so that 19 companies were obtained with an observation period of four years. The data analysis technique used in this research is logistic regression analysis.

The research results show that the variables financial stability, changes in directors, and the ratio of total accruals to total assets have a significant effect on financial statement fraud. Meanwhile, other variables such as external pressure, government projects, audit fees, CEO education, supervisory ineffectiveness, industry nature, auditor changes, CEO duality, and political connections do not have a significant effect on financial statement fraud. However, all variables simultaneously have a significant effect on financial statement fraud.

Keywords : *Financial Statement Fraud, Fraud Hexagon Theory, Manufacturing Companies, Special Notation.*