

ABSTRACT

Financial fraud remains a crucial issue in accounting, as it can undermine trust in financial reporting and impact organizational stability. This study aims to analyze the impact of corporate governance structures such as company size, leverage, independent commissioners, audit committees, and audit quality on the occurrence of financial fraud in Indonesian companies.

This study uses a quantitative approach, applying logistic regression analysis to assess the relationship between corporate governance variables and financial fraud. Data was collected from public companies in Indonesia, with a sample size of 60 companies over a five-year period (2019-2023).

The results show that company size has no significant effect on financial statement fraud, indicating that effective governance plays a greater role than entity size in preventing or encouraging fraud. Leverage has a significant negative effect on fraud, where higher leverage reduces the likelihood of fraud, due to pressure and oversight from creditors. The proportion of independent commissioners also has a significant negative effect on fraud, indicating that objective oversight from independent parties can reduce fraud. However, the existence of an audit committee and audit quality do not have a significant effect on financial reporting fraud, which indicates that the audit committee is not yet effective in its supervision and that audits by Big Four KAPs do not guarantee that companies will be free from fraud.

Keywords: company size, leverage, independent commissioners, audit committee, audit quality and fraud in financial reporting

