

ABSTRACT

This study aims to analyze the effect of internal control systems, implementation of corporate code of ethics, financial pressure, and the proportion of independent commissioners on financial statement fraud. The independent variables in this study are internal control systems, implementation of corporate code of ethics, financial pressure, and the proportion of independent commissioners, while the dependent variable is financial statement fraud.

This study uses a quantitative approach with secondary data obtained from the annual reports of companies listed on the Indonesia Stock Exchange (IDX) during the observation period of 2021–2023. The population in this study consists of all financial sector companies totaling 258 companies, with the sampling technique using purposive sampling based on certain criteria. The analytical method used is multiple linear regression with the assistance of SPSS version 26.

The results show that internal control systems have a significant negative effect on financial statement fraud, which means that the more effective the internal control system, the lower the possibility of financial statement fraud occurring. The implementation of corporate code of ethics also has a significant negative effect on financial statement fraud. On the contrary, financial pressure has a significant positive effect on financial statement fraud, which indicates that the higher the financial pressure experienced by the company, the greater the potential for financial statement fraud. The proportion of independent commissioners practices have a significant negative effect on financial statement fraud, which indicates that a higher proportion of independent commissioners is able to minimize the risk of financial statement fraud.

Keywords: Internal Control Systems, Implementation of Corporate Code of Ethics, Financial Pressure, Proportion of Independent Commissioners, Financial Statement Fraud.

