

ABSTRACT

This study aims to detect financial statement fraud based on the analysis of fraud triangle. Fraud triangle theory proposed by Cressey (1953) state that there are three factor which are always present in any occurrence of fraud. The third factor is the pressure, opportunity, and rationalization. Based on the theory of fraud triangle developed by Cressey, researcher developed a variable that can be used to proxy size of the fraud triangle with SAS No. 99 concept. Financial statement fraud in this study is proxied by earning management.

The population of this study is manufacturing companies listed on the BEI in 2010-2017. The sample purposive sampling judgment method and sampling obtained by 28 companies. Hypothesis testing was conducted using multiple linier, whereas moderating variable testing was conducted using Moderated Regression Analysis (MRA).

*The results showed that the variables of financial stability, Financial Distress, Liquidity, Auditor Opinion, and KAP Changes were not able to be used to detect the of financial statement fraud. As for the nature of industry variable with a proxy for inventory turnover, the expertise of the audit committee members in finance and accounting as well as the number of audit committees can be used to detect fraud in financial statements. Managerial Ownership moderating variable is able to be the Pure moderator variable when interacted with inventory turnover ($INVRT * OSHIP$), expertise in finance and accounting of audit committee members ($ACEXP * OSHIP$), Auditor Opinion ($AUDREPORT * OSHIP$) and KAP Change ($AUDCHANGE * OSHIP$). While other variables in their interactions with managerial ownership are only potential as moderating variables (Homologizer)*

Keywords: Fraud Triangle, Managerial Ownership, Financial Statement Fraud