ABSTRACT

Financial statement fraud describes a planned fraudulent activity attempted by management in the form of material misstatement against the financial statements of a company or industry. This research aims to learn the effect of corporate governance on fraudulent financial statements.

The population in this study are non-financial companies listed on the Indonesia Stock Exchange (BEI) in 2010-2019. The sampling method used in this research is purposive sampling method. The number of research samples was 76 companies, consisting of 38 fraudulent companies obtained from the Financial Services Authority (OJK) in 2010-2019 according to sanctions in the VII.G.7 warning category and 38 non-fraud companies with the same size as fraud companies. The analytical tool used is logistic regression.

The test resuls show that board of commissioners have a negative and significant effect on fraudulent financial statements, while the variable board of independent commissioners, audit committee, internal auditor, and firm size does not significantly influence financial statement fraud.

Keywords : fraudulent financial statements, corporate governance, company size