

## **ABSTRACT**

*This research empirically examines the effectiveness of the basic framework of pentagon fraud risk factors developed by Tugas (2012). According to the Tugas (2012), pressures, opportunities, rationalization, capabilities and the influence of external regulations are always present in influencing financial reporting fraud. The variables of pentagon fraud that are used are pressure proxied by the ratio of Net Profit Margin below the average Net Profit Margin of the industry, opportunity is proxied by audit quality, rationalization is proxied by restatement of financial statements, capability is proxied by the composition of independent commissioners, and external regulatory influences is proxied by the implementation of corporate governance.*

*The population of this study is companies listed on the Stock Exchange, then samples are taken based on purposive sampling with company criteria namely BUMN companies that publish financial reports during the 2008-2018 period, revealed a self-assessment of good corporate governance, and present complete data for this study. Total sample of companies that have been tested are 182 companies. This study uses logistic regression statistical tools because the dependent variable is a dummy variable (non metric), while the independent variable is a mixture of metric and non metric variables.*

*The results of this study indicate that pressure, opportunity, rationalization, capability, and external regulatory influence have no influence on fraudulent financial reporting.*

*Keywords : fraudulent financial report, pressure, opportunity, rationalization, capability, external regulatory influence, fraud risk factors, fraud pentagon*