

ABSTRACT

This study aimed to analyze the factors that can detect financial statement fraud based on the theory of fraud diamond by Wolfe and Hermanson (2004). Fraud diamond explains the driving factors that lead a person to commit fraud, which are pressure, opportunity, rationalization, and capability. Indication financial statement fraud in this study obtained from fraud score. The study used four proxies for independent variables, pressures proxied with external pressure, opportunities proxied with ineffective monitoring, rationalization proxied with audit opinion, and capabilities proxied with changes in directors.

The object of research is LQ 45 companies listed on the stock exchange of Indonesia in 2016-2018. The sample used in this research are 147 companies selected by using purposive sampling technique. The data analysis used is multiple linear regression. The result of research refer that director change and audit opinion affect the financial statement fraud. While ineffective monitoring and external pressure does not affect the financial statement fraud.

Keywords : fraud diamond, financial statement fraud, pressure, opportunity, rationalization, capability