DETECTING FINANCIAL STATEMENT FRAUD BY BUMN LISTED COMPANIES: THE RELIABILITY OF THE BENEISH M-SCORE MODEL

A. Muzzayyin Misbahul Fajri[a], Putri Nurmala[a], Akhmad Sigit Adiwibowo[a], Amar Abdurrauf[b]
[a] Department of Accounting, Faculty of Economics and Business, Universitas Pamulang
[b] Marmara University-Istanbul, Turkey
Email: muzzayyinahm@gmail.com, dosen01368@unpam.ac.id, dosen01456@unpam.ac.id

ABSTRACT

This study aims to analyze Fraud Financial Statements Using the Beneish M-Score Model (Empirical Study on BUMN Companies Listed on the Indonesia Stock Exchange 2015-2019). Based on the type of research used, this research is included in descriptive quantitative research. The population in this study are state-owned companies listed on the Indonesia Stock Exchange in 2015-2019. The sampling technique used purposive sampling method so that this study used 9 companies with a total of 9 x 5 = 45 data processed. Data processing in this study using software views 10 using a panel data model. The results of this study indicate that the Days Sales in Receivable Index (DSRI) has a positive and significant effect on Financial Statement Fraud, Gross Margin Index (GMI) has a positive and significant effect on Financial Statement Fraud, Asset Quality Index (AQI) has a positive and significant effect on Financial Statement Fraud, Sales Growth Index (SGI) has a positive and significant effect on Financial Statement Fraud, Depreciation Index (DEPI) has a positive and significant effect on Financial Statement Fraud, Sales and General Administration Expenses Index (SGAI) has a positive and significant effect on Financial Statement Fraud, Leverage Index (LVGI) has a positive and significant effect on Financial Statement Fraud, and Total Accruals to Total Assets (TATA) has a positive and significant effect on Financial Statement Fraud.

Keyword: Beneish M-Score, Financial Statement Fraud, State Owned Company

INTRODUCTION

Research Background

Companies certainly want to provide good financial statement information, but not all companies provide actual information, in other words, there is often fraud or manipulation in the financial statements presented (Kurnianingsih & Siregar, 2019) . To achieve profits according to the targets that have been set, management will usually consider certain accounting policies, which later on the company's profits can be regulated (Indracahya & Faisol, 2017)

Fraud is an act carried out by one person or group or certain agency for personal interests or for other people which results in harm to certain parties (*IAIP*,

2013) . Fraud is an act that is outside the corridor of basic accounting principles. In any case, cheating is not justified even for the sake of the continuity of a party. Cheating is an illegal act, consciously carried out, then hidden, with the aim of obtaining small or large benefits.

According to *the Association of Certified Fraud Examiners* (ACFE, 2018) the frequency of fraudulent acts that occur, in asset abuse is a fraudulent act that has the highest frequency of 80%, followed by corruption 51% and the last is financial statement fraud at 13%. However, financial statement fraud is the type of fraud that has the most detrimental effect of fraud among other types of fraud with an average loss of $ 700,000.

The tendency of companies to commit fraudulent financial statements is usually based on demands to always make improvements and improve performance in order to increase the value of the company which will later be presented in the financial statements (Sari & Rofi, 2020) . Most companies are not necessarily able to meet market demands to have performance that always increases from year to year. Even if the company experiences an increase, it is possible that the percentage is not too significant when compared to other similar companies. Therefore, the level of performance is very influential in *financial statement fraud* in a company (Kurniawati and Nurmala, 2020). According to a survey conducted by the *Association of Certified Fraud Examiners* (ACFE, 2019) , state-owned companies (BUMN) occupy the second position after the government that is most disadvantaged by fraud.

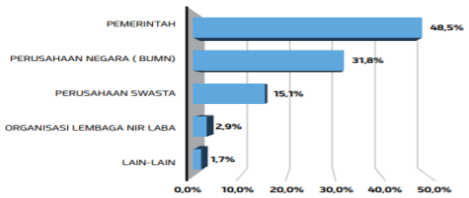

Figure 1.1
Institutions that are most disadvantaged due to Fraud

Cases of fraud that occurred in State-Owned Enterprises did not only occur at PT. Garuda Indonesia tbk, but also happened to PT. Waskita Karya tbk (Aji, 2019) . PT. Waskita was involved in a fraud case at the end of 2018 involving the managers of PT. Waskita Karya. The company is alleged to have recorded 14 fictitious projects so that the Corruption Eradication Commission suspects that the state has suffered a loss of Rp. 186 billion. The loss is calculated from the total expenditure or payment of PT. Waskita Karya to the sub-contracting companies involved in this case .

This study is a replication of research conducted by Hartono (2018). The difference from previous research is the year used by state-owned companies listed on the Indonesia Stock Exchange for the period 2015 – 2019. This study examines the significance of the eight Beneish variables with *fraudulent financial statements* in accordance with Hartono's research (2018).

From this description, the researchers are interested in conducting research again to see the potential of the Beneish M-Score variable in detecting financial

statement fraud. So the title adopted in this study is "Analysis of *Financial Statement Fraud* Using the Beneish M-Score Model (Empirical Study on BUMN Companies Listed on the IDX in 2015-2019)"

Formulation of the problem

1. Does the *Days Sales in Receivable Index* (DSRI) have an effect on detecting *Financial Statement Fraud* ?
2. Does the *Gross Margin Index* (GMI) have an effect on detecting *Financial Statement Fraud* ?
3. Does the *Asset Quality Index* (AQI) have an effect on detecting *Financial Statement Fraud* ?
4. Does the *Sales Growth Index* (SGI) have an effect on detecting *Financial Statement Fraud* ?
5. Does the *Depreciation Index* (DEPI) have an effect on detecting *Financial Statement Fraud* ?
6. Does *the Sales and General Administration Expenses Index* (SGAI) have an effect on detecting *Financial Statement Fraud* ?
7. Does the *Leverage Index* (LVGI) have an effect on detecting *Financial Statement Fraud* ?
8. Does *Total Accrual* (TATA) have an effect on detecting *Financial Statement Fraud* ?

Research purposes

This study aims to determine the effect of the eight Beneish M-Score models on the detection of fraud in financial statements.

Benefits of research

The results of this study are expected to be useful for the author and other interested parties. As the development of accounting science, especially in the field of forensic accounting regarding the factors that can influence companies to commit fraud on financial statements by using the indicator elements of the Beneish M-score Model. It is hoped that this research can be used as reference material and improvement in further research in the future as well as to add insight.

LITERATURE REVIEW

Agency Theory

Agency theory aims to solve two problems that occur in agency relationships. If the principal finds it difficult to see what the agent is doing, and if the goals of the principal and agent are in conflict (*conflict of interest*) (Sihombing, 2014) . Agents have more information about self-capacity, work environment, and overall company prospects in the future than principals. This is what causes an imbalance of information held between the principal and the agent, resulting in information asymmetry. The emergence of agency problems occurs because there are parties who have different personal interests but work together in different

divisions of authority. This agency problem can be detrimental to the principal because the principal does not get adequate information and does not have sufficient access to manage the company.

With this there are two different interests in the company. Each party seeks to achieve the desired prosperity, so that information asymmetry appears between management and owners which can provide opportunities for managers to carry out earnings management in order to mislead owners about the company's economic performance.

Fraud (*Fraud*)

According to Tunggal (2016) fraud is defined as a broad legal concept, fraud describes any intentional fraud attempt, which is intended to take the assets or rights of another person or party. In the context of an audit or financial statement, fraud is defined as an intentional misstatement of financial statements. The two main categories are fraudulent financial reporting and misappropriation of assets.

Financial statements

According to Fahmi (2016) , financial statements are information that describes the condition of a company, then it will become information that describes the performance of a company. According to IAIP (2013) financial statements are structures that present the financial position and financial performance of an entity. The general purpose of financial statements is for the public interest as the presentation of information about the financial position, financial performance and cash flows of the entity that is very useful for making economic decisions for its users. To achieve this objective, financial statements provide information about elements of the entity consisting of assets, liabilities, net worth, expenses and income, changes in equity and cash flows. The information is followed by notes that will assist users in predicting future cash flows.

Beneish M Score

An approach to detecting fraud in financial statements early is very necessary, so that *shareholders* can make investment decisions early (Safitri and Sari, 2018). Beneish M-Score groups companies that are indicated to be fraudulent or do not use a calculation model that functions to detect unusual activities in the company's financial statements. This model uses 8 financial ratios to assess whether the company is indicated to manipulate its financial statements (Hantono, 2018).

RESEARCH METHODOLOGY

Types of research

This research is included in descriptive quantitative research . According to Sugiyono (2016), quantitative research is research that uses data in the form of numbers and the analysis uses statistics. This study describes the analysis of *Financial Statement Fraud* in state-owned companies listed on the Indonesia Stock Exchange (IDX). This study uses a descriptive approach with the aim of describing the object of research or research results (Sugiyono, 2016)

Research Location and Time

The data was obtained from state-owned companies listed on the Indonesia Stock Exchange (IDX) (www.idx.co.id) during the 2015-2019 period and various kinds of existing literature and accompanied by data from published company reports.

Research and Measurement Variables

Financial Statement Fraud is the dependent variable in this study. The independent variables used in this study are in accordance with the Beneish Ratio Index, namely:

1. DSRI (*days sales in receivable index*), namely sales days in the receivables index. DSRI calculation formula is as follows:

$$\text{DSRI} = \frac{\frac{\textit{Net Receivable}}{\textit{Sales}_t}}{\frac{\textit{Net Receivables}_{t-1}}{\textit{Sales}_{t-1}}}$$

2. GMI (*gross margin index*), namely the gross margin index. The GMI calculation formula is as follows:

$$\text{GMI} = \frac{\frac{\textit{Sales}_{t-1} - \textit{Cost Of Sales}_{t-1}}{\textit{Sales}_{t-1}}}{\frac{\textit{Sales}_t - \textit{Cost Of Sales}_t}{\textit{Sales}_t}}$$

3. AQI (*asset quality index*), namely the asset quality index. The AQI calculation formula is as follows:

$$\text{AQI} = \frac{1 - \textit{Current Asset}_t + \frac{\textit{Net Fixes Asset}_t}{\textit{Total Asset}_t}}{1 - \textit{Current Assets}_{t-1} + \frac{\textit{Net Fixed Assets}_{t-1}}{\textit{Total Assets}_{t-1}}}$$

4. SGI (*sales growth index*), namely sales growth index. The SGI calculation formula is as follows:

$$\text{SGI} = \frac{\textit{Sales}_t}{\textit{Sales}_{t-1}}$$

5. DEPI (*depreciation index*), namely the depreciation index. DEPI calculation formula is as follows:

$$\text{DEPI} = \frac{\textit{Depreciation}_{t-1}/(\textit{Depreciation}_{(t-1)} + \textit{PPE}_{(t-1)})}{\textit{Depreciation}_t/(\textit{Depreciation}_{(t)} + \textit{PPE}_{(t)})}$$

6. SGAI (sales *and general administrative expenses index*), namely sales index and general and administrative expenses . SGAI calculation formula is as follows:

$$\text{SGAI} = \frac{\frac{\textit{SGAI}_{(t)}}{\textit{Penjualan}_{(t)}}}{\frac{\textit{SGAI}_{(t-1)}}{\textit{Penjualan}_{(t-1)}}}$$

7. TATA (*total accruals to total assets index*), namely the index of total accruals to total assets. The TATA calculation formula is as follows:

$$LVGI = \frac{\frac{\text{Total Kewajiban}_{(t)}}{\text{Total Aktiva}_{(t)}}}{\frac{\text{Total Kewajiban}_{(t-1)}}{\text{Total Aktiva}_{(t-1)}}}$$

8. LVGI (*leverage index*) is a leverage index. The LVGI calculation formula is as follows:

$$\frac{\Delta Working\ Capiral - \Delta Cash - \Delta Current\ Taxes\ Payable - Depreciation\ and\ amortisation}{Total\ Assets}$$

The dependent variable in this study is a *fraudulent financial statement* . The formula for determining according to the Beneish Index is as follows:
Beneish M-Score = -4.84 + (0.92 x DSRI) + (0.528 x GMI) + (0.404 x AQI) + (0.892 x SGI) + (0.115 x DEPI) – (0.172 x SGAI) + (4,679 x TATA) – (0.327 x LVGI)

Population and Research Sample
Population

The population in this study are state-owned companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019.

Purposive sampling is used because the information to be taken comes from a source that is deliberately selected based on the criteria determined by the researcher. The criteria for selecting the sample in this study are:

1. State-owned companies listed on the Indonesia Stock Exchange 2015–2019
2. Companies that continue to publish complete annual financial reports from the 2015-2019 period.
3. Companies that report depreciation expense for 2015–2019

Data collection technique

Data collection techniques using the method of documentation. Is a research data collection technique that is carried out by recording or collecting company data in accordance with the data required in the study. The type of data used is secondary data.

RESEARCH RESULTS AND DISCUSSION

Panel Data Regression Model Estimation

Chow test

Test to determine the best model between the Common Effect Model and the Fixed Effect Model. If the probability value is > 0.05 then the best model to use is the Common Effect Model. However, if the probability value is < 0.05 then the best model used is the Fixed Effect Model.

Table 4.1
Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.023456	(8,28)	0.4418
Cross-section Chi-square	11.543095	8	0.1728

The Chow test has a probability value of 0.172 or > 0.05 so it can be concluded that using the Common Effect Model is better than the Fixed Effect Model.

Hausman test

Test to determine whether to use the fixed effect model or the random effect model. If probability < 0.05 then the model used is the fixed effect model. Meanwhile, if the probability > 0.05 then the model used is a random effect model.

Table 4.2
Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.187644	8	0.4154

The Hausman test has a probability value of 0.415 or > 0.05, so it can be concluded that using the Random Effect Model is better than the Fixed Effect Model.

Large Multiplier Test

Test to determine the best model between the Common Effect Model and the Random Effect Model. If the probability value is > 0.05 then the best model to use is the Common Effect Model. However, if the probability value is < 0.05, the best model used is the Random Effect Model.

Table 4.3
Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.006653	0.001944	0.008597
	(0.9350)	(0.9648)	(0.9261)

The Lagrange Multiplier test has a probability value of 0.926 > 0.05 so it can be concluded that using the Common Effect Model is better than the Random Effect Model.

Descriptive Statistical Analysis

According to Ghozali (2013) descriptive statistics are general descriptions of the data that are the research variables. Descriptive statistical analysis will produce information consisting of the average value, maximum value and minimum

value of research data. The following are the results of descriptive statistical analysis of the study.

Table 4. 4
Descriptive Statistical Analysis Results

	Mean	Median	Min	Max	S. Dev	N
M-Score	-0.568	-2.239	-3.502	38.778	7.339	45
DSRI	1.849	1.061	0.286	29.769	4.333	45
GMI	1.065	0.979	0.198	4.545	0.600	45
AQI	3.469	1.145	0.432	102.453	15.098	45
SGI	1.184	1.087	0.643	2.106	0.298	45
DEPI	0.761	0.814	0.199	1.101	0.206	45
SGAI	0.981	0.993	0.469	1.513	0.137	45
LVGI	1.049	1.006	0.624	2.924	0.305	45
TATA	-0.005	0.001	-0.254	0.570	0.126	45

Normality test

The data is normally distributed if the probability of the Jarque-Bera Test statistic is > 0.05. The results of the Jarque-Bera Test statistical test using the Eviews 10 application are as follows:

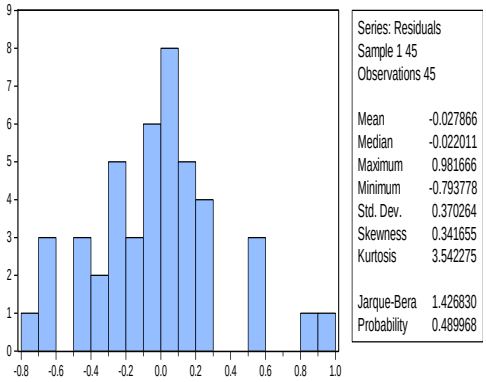

Figure 4.1
Normality Test Results

The results of the normality test show that Jarque-Bera statistical test probability is 0.489 which indicates that the data is normally distributed.

Multicollinearity Test

The data are free from multicollinearity symptoms if the results of VIF < 10. The results of the multicollinearity test using the Eviews 10 application are as follows:

Table 4. 5
Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF
DSRI	0.000208	1.244819
GMI	0.010989	4.490609
AQI	1.64E-05	1.059064
SGI	0.031997	3.029132
DEPI	0.065632	1.119172
SGAI	0.100499	2.059772
LVGI	0.039599	1.295001
TATA	0.260445	1.128947

The results of the multicollinearity test show that all VIF of each variable is less than 10. This indicates that the data is free from multicollinearity symptoms.

Heteroscedasticity Test

The data does not experience heteroscedasticity if the chi square probability > 0.05. The results of the heteroscedasticity test using the Eviews 10 application are as follows:

Table 4. 6
Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser

F-statistic	0.574882	Prob. F(8,36)	0.7914
Obs*R-squared	5.097593	Prob. Chi-Square(8)	0.7471
Scaled explained SS	5.164696	Prob. Chi-Square(8)	0.7398

The results of the glacier test show that the probability of Chi-Square on Obs*R-squared > 0.05 is 0.747. This indicates that the data is free from heteroscedasticity symptoms.

Autocorrelation Test

Using the Breusch-Godfrey test. The assessment is seen from the probability value. If the probability value is > 0.05, it can be concluded that there is no autocorrelation problem.

Table 4. 7
Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.440450	Prob. F(2,35)	0.6473
Obs*R-squared	0.850500	Prob. Chi-Square(2)	0.6536

The test results show the value of Chi Square > 0.05 of 0.653. This shows that there is no residual research variable used in this study. Thus, the data used in this study did not have symptoms of autocorrelation and the data could be used in research.

Panel Data Regression Analysis

From the estimation of the panel data regression model, it is better to test the hypothesis in this study using the *Common Effect* Model

Table 4. 8
***Common Effect* Model Panel Data Regression Test Results (CEM)**

Dependent Variable: M_SCORE
Method: Panel Least Squares
Date: 04/30/21 Time: 08:51
Sample: 2015 2019
Periods included: 5
Cross-sections included: 9
Total panel (balanced) observations: 45

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.838188	0.003673	13.32108	0.0000
DSRI	0.919933	7.19E-05	12.78814	0.0000
GMI	0.527788	0.000487	10.84749	0.0000
AQI	0.403987	1.87E-05	2.157688	0.0000
SGI	0.892643	0.001058	8.437952	0.0000
DEPI	0.113244	0.001491	7.597584	0.0000
SGAI	0.172554	0.002279	7.573011	0.0000
LVGI	0.327534	0.001018	3.218590	0.0000
TATA	4.680991	0.002377	9.569655	0.0000

R-squared	0.854515	Mean dependent var	-0.568133
Adjusted R-squared	0.823123	S.D. dependent var	7.339575
S.E. of regression	0.001870	Akaike info criterion	-9.549090
Sum squared resid	0.000126	Schwarz criterion	-9.187758
Log likelihood	223.8545	Hannan-Quinn criter.	-9.414389
F-statistic	84.743000	Durbin-Watson stat	1.680885
Prob(F-statistic)	0.000000		

Based on the table above, the panel data regression equation is obtained as follows:

Y = 4.838 + 0.919 X1 + 0.527 X2 + 0.403 X3 + 0.892 X4 + 0.113 X5 + 0.172 X6 + 0.327 X7 + 4.680 X8 + 0.001870

From the regression equation, it can be concluded that the constant coefficient value is 4.838, meaning that if the variables DSRI, GMI, AQI, SGI, DEPI, SGAI, LVGI, TATA are zero, then the amount of *Financial Statement Fraud* is 4.838 .

The regression coefficient value of the DSRI variable is positive at 0.919, meaning that every 1% increase in DSRI is predicted to increase *Financial Statement Fraud* by 0.919, if other variables are fixed.

The regression coefficient value of the GMI variable is positive at 0.527, meaning that every 1% increase in GMI is predicted to increase *Financial Statement Fraud* by 0.527, if other variables are fixed.

The regression coefficient value of the AQI variable is positive at 0.403, meaning that every 1% increase in AQI is predicted to increase *Financial Statement Fraud* by 0.403, if other variables are fixed.

The regression coefficient value of the SGI variable is positive at 0.892, meaning that every 1% increase in SGI is predicted to increase *Financial Statement Fraud* by 0.892, if other variables are fixed.

The regression coefficient value of the DEPI variable is positive at 0.113, meaning that every 1% increase in DEPI is predicted to increase *Financial Statement Fraud* by 0.113, if other variables are fixed.

The regression coefficient value of the SGAI variable is positive at 0.172, meaning that every 1% increase in SGAI is predicted to increase *Financial Statement Fraud* by 0.172, if other variables are fixed.

The regression coefficient value of the LVGI variable is positive at 0.327, meaning that every 1% increase in LVGI is predicted to increase *Financial Statement Fraud* by 0.327, if other variables are fixed.

The regression coefficient value of the TATA variable is positive at 4.680, meaning that every 1% increase in TATA is predicted to increase *Financial Statement Fraud* by 4.680, if other variables are fixed.

Coefficient of Determination

The coefficient of determination (R^2) is used to measure how far the model's ability to explain variations in the dependent variable is. The results of the coefficient of determination (*Adjusted R-Squared*) is 0.823. This shows that the percentage contribution of the influence of the independent variable on the dependent variable is 82.3%.

In other words, it can be interpreted that the independent variable is able to explain the dependent variable by 82.3%. While the remaining 17.7% is influenced by other variables.

t test (Partial Effect)

1. Effect of DSRI to *Financial Statement Fraud*

Based on the results of the t test, it is known that DSRI has a positive and significant effect on *Financial Statement Fraud* . This is because the $t\text{-}_{\text{count value is}}$ 12.788 > $t\text{-}_{\text{table}}$ 2.028 and the probability is 0.000 <0.05. Furthermore, it is known

that the direction of the DSRI regression coefficient shows a positive direction so that the *Days Sales in Receivable Index* has a positive and significant effect on *Financial Statement Fraud.*

2. GMI Effect to *Financial Statement Fraud*

Based on the results of the t test, it is known that GMI has a positive and significant effect on *Financial Statement Fraud* . This is because the t arithmetic value is 10,847 > t table 2,028 and the probability is 0.000 < 0.0 5. Furthermore, it is known that the direction of the GMI regression coefficient shows a positive direction so that GMI has a positive and significant effect on *Financial Statement Fraud*

3. Effect of AQI to *Financial Statement Fraud*

Based on the results of the t test, it is known that AQI has a positive and significant effect on *Financial Statement Fraud* . This is because the t - count value is 2.157 > t - table 2.028 and the probability is 0.000 <0.05 (Ghozali, 2013). Furthermore, it is known that the direction of the AQI regression coefficient shows a positive direction so that AQI has a positive and significant effect on *Financial Statement Fraud* .

4. SGI influence to *Financial Statement Fraud*

Based on the results of the t test, it is known that SGI has a positive and significant effect on *Financial Statement Fraud* . This is because the t - count value is 8.437 > t - table 2.028 and the probability is 0.000 <0.05. Furthermore, it is known that the direction of the SGI regression coefficient shows a positive direction so that SGI has a positive and significant effect on *Financial Statement Fraud.*

5. DEPI Effect to *Financial Statement Fraud*

Based on the results of the t test, it is known that DEPI has a positive and significant effect on *Financial Statement Fraud* . This is because the t - count value is 7.597 > t - table 2.028 and the probability is 0.000 <0.05 (Ghozali, 2013). Furthermore, it is known that the direction of the DEPI regression coefficient shows a positive direction so that DEPI positive and significant effect on *Financial Statement Fraud* .

6. Effect of SGAI on *Financial Statement Fraud*

Based on the results of the t test, it is known that SGAI has a positive and significant effect on *Financial Statement Fraud* . This is because the t - count value is 7.573 > t - table 2.028 and the probability is 0.000 <0.05. Furthermore, it is known that the direction of the SGAI regression coefficient shows a positive direction so that SGAI has a positive and significant effect on *Financial Statement Fraud.*

7. LVGI Effect to *Financial Statement Fraud*

Based on the results of the t test, it is known that LVGI has a positive and significant effect on *Financial Statement Fraud* . This is because the t arithmetic value is 3.218 > t table 2.028 and the probability is 0.000 < 0.05. Furthermore, it is known that the direction of the LVGI regression coefficient shows a positive direction so that LVGI has a positive and significant effect on *Financial Statement Fraud.*

8. The influence of TATA to *Financial Statement Fraud*

Based on the results of the t test, it is known that TATA has a positive and significant effect on *Financial Statement Fraud* . This is because the t - count value is 9.569 > t - table 2.028 and the probability is 0.000 <0.05. Furthermore, it is known

that the direction of the TATA regression coefficient shows a positive direction so that TATA has a positive and significant effect on *Financial Statement Fraud* .

CLOSING

Conclusion

Based on the results of the study, it can be concluded that:

1. *Days Sales in Receivable Index* has a positive and significant effect on *Financial Statement Fraud.*
2. *Gross Margin Index* has a positive and significant effect on *Financial Statement Fraud.*
3. *Asset Quality Index* has a positive and significant effect on *Financial Statement Fraud.*
4. *Sales Growth Index* has a positive and significant effect on *Financial Statement Fraud.*
5. *Depreciation Index* positive and significant effect on *Financial Statement Fraud.*
6. *Sales and General Administration Expenses Index* has a positive and significant effect on *Financial Statement Fraud* .
7. *Leverage Index* positive and significant effect on *Financial Statement Fraud.*
8. *Total Accruals to Total Assets* positive and significant effect on *Financial Statement Fraud.*

Suggestion

The results of the detection carried out in BUMN companies listed on the IDX contribute to interested parties, such as auditors and the government, in assessing the potential for fraud in the company. It is recommended that companies present their financial statements in accordance with applicable regulations so as not to mislead users of financial statements.

For further research, it is recommended to increase the number of years of research so that we can see the track record of the companies studied from year to year. And is expected to add variables to determine the effect of variables on each other or as a supporting variable.

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