Detection Fraud of Financial Statement with Fraud Triangle

Daniel T. H. Manurung and Niki Hadian

This study aims to obtain empirical evidence to detect fraudulent financial statements based on the perspective of fraud triangle. Fraud triangle theory proposed by Cressey (1953) states that there are three conditions that are always present in every instance of fraud, pressure, opportunity and rationalization. Based on the proposed theory of fraud triangle. Fraudulent financial reports on this research is proxied by earnings management. Variables - variables used of fraud triangle is composed of the pressure of financial stability (AGROW), external pressure by proxy leverage ratio (LEV)), Financial Targets with proxy return on assets (ROA) and the ineffectiveness monitoring by proxy the ratio of independent board (BDOUT). Data on indications of fraud financial report in this study are listed in LQ45 stocks.

The population in this study is a company registered in LQ45 in periode 2012 –2013. The selection of the sample in this study was conducted with a purposive sampling method and obtained samples are 35 companies listed in the LQ45 both contain elements of fraud in the financial statements and did not commit fraud in the financial statements (by industry and total assets) to perform financial statement presentation back . In this research, hypothesis testing is done using multiple linear regression method.

Results of this study indicate that the stability of the financial variables that proxy the asset growth rate (AGROW) has a positive influence by fraud financial statements, financial targets proxied by profitability ratios (ROA) has a positive relationship with fraudulent financial statements, financial effectiveness is proxied by the ratio of the commissioners (BDOUT) has a positive relationship with fraudulent financial statements, the external pressure is proxied by Leverage Ratio (LEV) has a negative relationship with financial statement fraud.

Keywords: Fraud Triangle, Financial Statement Fraud

1.1 Introduction

Financial reporting beneficial for most of the users of financial statements in order to make economic decisions and demonstrate accountability over user management resources in resource-power entrusted to them (Indonesian Institute of Accountants, 2009). In financial reporting mechanisms, an audit is designed to provide assurance that the financial statements are not affected by the misstatement (Mistatement) the material and also provide reasonable assurance on the accountability of the asset management company.

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Taylor and Glezen (in Soselisa and Muchlasin , 2008) , defines financial statement fraud as a deliberate action or negligence in the form of a willful act or omission which resulted in material errors were intentional or negligent in oversight of financial statements that are in the financial statements contain information that misleading . The increasing variety of cases in the world of accounting scandals led many to speculate that the management has done a fraud on the financial statements (Skousen et al , 2009) . Research conducted by the Association Of Certified Fraud Examiners (ACFE) , in 2002 the loss caused by the fraud in the United States is sekitra 6 % of revenue or $ 600 billion , and the loss rate of presentation is not much changed from 1996 . Of the fraud cases , the type of fraud is the most common asset misappropriations (85 %) , followed by corruption (13 %) and the least amount (5 %) is a financial statement fraud (fraudulent statements) . Nevertheless fraudulent financial statement carrying most of the losses that the median loss of about $ 4.25 million (ACFE , 2002) .

Fraud (Fraud), according Adenji (2004:354) and ICAN (2006:206) an intentional act by one or more individuals among management, employees or third parties who produce errors in financial reporting. Fraud can also be seen as missrepresentasi, storage or negligence of a truth for the purpose of manipulating the financial harm the company or organization that also includes embezzlement, theft or any attempt to steal or unlawfully obtained, abuse or harm assets of an organization (asset misappropriation). Fraud has grown rapidly over the last few years and the trend for the company in a professional manner, owing to a fraud against the financial pressures in his personal life as well as a boost in his own heart.

Association Of Certified Fraud Examination (ACFE) , one of the associations in the USA focuses its activities in the prevention and combating of financial reporting irregularities . Dikategorilan deviations can form into 3 (three) , namely : financial reporting irregularities (fraudulent financial statements) include financial statements and non - financial statements , misappropriation of assets (asset misappropriation) and corruption , (Singleton , 2010:73) . Manipulation of financial statements is a form of fraud as defined associations Association Of Certified Fraud Examination (ACFE) , a concept that is closely related to , among others, fraud , Fraud Tree is a mapping that shows the classification / taxonomy of cheating , Fraud Triangle is a triangular cheating on why fraud and developed the ISA (International Standards on Auditing) as risk factors of fraud , fraud is a fraud axioms that need to be considered as an investigator , forensic accountant , fraud Predication is the subject of what happened , who is responsible , what is done , why , when, where and how much the occurrence of the fraud detection , Red Flags is a danger sign that an indication of the potential for fraud .

Indonesia as a country with an unstable economic conditions also plagued accounting scandal. In 2011 Indonesia's score in the Corruption Perception Index (CPI) is 3.0 and ranks 100 out of 183 countries measured levels of corruption (Transparency International, 2011). The rise of the accounting fraud scandals in Indonesia evidenced by the liquidation of some banks, state-owned and private management submitted to the court, the case of bank fraud, tax manipulation, corruption in election management committee and Parliament (Soselisa and Mukhlasin, 2008).

In addition, the damage caused by acts of fraud beyond direct financial loss. Such damage includes adverse external business relationships, employee morale, reputation and branding firm (PriceWaterhouseCoopers, 2003). Besides the increasing incidence of fraud, but the work done by the organization to combat fraud action does not run smoothly and the only formality (Andersen, 2004).

One of the reasons that entities of all types take steps - more and different measures to counter fraud measures are red flags approach is considered to be ineffective, because it is well-known approach involves the use of a list of indicators of fraudulent actions. Red flags do not foresee any act of fraud, but it is a condition associated with cheating. Red flags that signal meant to alert the auditor to the possibility of fraud action activity. Many commentators doubted red flags because of two limitations (Krambia-kardis, 2002):

1. Red flags associated with the act of cheating, but can't reveal the exact (not showing genuine relationship), and

2. Because it focuses attention on a particular sign of red flags may hinder internal auditors and external auditors of identification reason - another reason that the act of cheating can occur (Krambia-Kardis, 2002).

The Problems often arise from some of the above cases to be a big question for the performance of an auditor: why external auditors failed to detect financial reporting fraud in some cases like the above example? An auditor who served in the audit of the financial statements of these companies should be run tasks procedurally proper internal controls and supervision (Internal Quality Control) to prevent the occurrence of a material misstatement in the decision, including the detection of fraud then there is no harm cases Here you are.

According to the theory of Cressey (cited by Skousen et al, 2009), there are three conditions that are always present in the acts of fraud that pressure, opportunity and rationalization called fraud triangle. The third condition is a risk factor for the emergence of fraud in a variety of situations. Berbgaia findings of fraud risk factors by Cressey (1953) is based on a series of interviews with people who are convicted of experience (Skousen et al, 2009).

Until now research on fraud auditing is still a bit done. Based on the above, this research is intended to detect financial statement fraud fraud triangle perspective of this research is to detect fraudulent financial statement fraud triangle perspective is still very rare in Indonesia. The problem in this study is formulated in the form of penetlitian questions: 1) whether the financial stability variables can be used to detect financial statement fraud?., 2) whether the target variable can be used to detect financial fraud., 3) whether the target variable can be used to detect financial fraud financial statements?., 4) whether the variable ineffectiveness monitoring can be used to detect financial statement fraud?

II. Literature Review

2.1 Agency Theory

Jensen and Meckling (1976) stated that the agency relationship is a contract between the manager (agent) with the owner (principal). Agency relationship arises when one or more persons (the principal) employs another person (agent) to provide a service and then delegate decision-making authority to the agent is morally responsible for optimizing the benefits of the owners (principal), but on the other managers also have interests maximize their welfare (Ujiyanto & Pramuka, 2007). Conflict of interest or the difference of interest between principal and agent is what can lead to agency problems that can affect the quality of reported earnings.

Earnings management measures taken by the management due to conflict of interest and asymmetric information with the owner is a form of financial statement fraud. The statement is in line with Rezae (2002) which states that the earnings management measures are closely related to financial statement fraud. Earnings management measures taken by the management and if left unnoticed by the owner, will ultimately develop into a fraudulent financial statements materially misleading. Based on the above description, it can be concluded that the agency problem between the owner (principal) and management (agent) can lead to financial statement fraud are misleading and detrimental.

2.2 Fraud

Fraud is, as well as errors and irregularities masung translated their mistakes and irregularities. Difference of deviation and error is whether the underlying action, whether the action is a deliberate act or not. Fraud or irregularities do with the element of intent in doing so. ACFE's defines fraud as an intentional act of taking profit by abusing a position / title or steal assets / resources within the organization (Singleton, 2010).

According to Merriam Webster's Dictionary of Law (1996) as quoted in Viton (2003), the definition of fraud is:

> "any act, expression, omission, or concealment calculated to deceive another to his or her disadvantage, specifically, a misrepresentation or concealment with reference to some fact material to a transaction that is made with knowledge of it's falsity or in reckless disregard of it's truth or falsity and woth the intent to deceive another and that is reasonably relied on by the other who is injured thereby"

Association Of Certified Fraud Examiner (ACFE) is an anti-fraud organization in the world and as the main provider of education and training unfraud. Acfe defines fraud (fraud) as an act of fraud or mistake made by a person or body who knows that the error can result in some benefits that are not either to individuals or entities or other parties. (Ernst & Young LLP, 2009).

2.3 Types of Fraud

According Albretch and Albrecth (in, Nguyen, 2008), fraud is classified into five types is:

1. Embezzlement Employee or Occupational Fraud:
   Is a type of fraud committed by subordinates to superiors. This type of fraud done by the staff with cheating on his boss directly or indirectly.

2. Management Fraud
   Is a type of fraud committed by top management to shareholders, creditors and other parties who rely on the financial statements. This type of fraud is done by providing top management misrepresentation, usually on financial information

3. Investment Scams
   Is a type of fraud committed by the individual / individuals to investors. This type of fraud is done by tricking or deceiving investors with a way to invest their money in investments

4. Vendor Fund
   Is a type of fraud committed by organizations or individuals that sell goods or services to the organization or company that sells goods or services. This type of fraud is done by placing the organization exorbitant prices for goods and services or the lack of delivery of the goods even though payment has been made.

5. Customer Fund
   Is a type of fraud is carried out by the customer to the organization or company that sells goods or services. This type of fraud is done lying to customers by way of the seller to deliver to customers who are not supposed to or accuse the seller delivers less than it should.

2.4 Fraud triangle Theory

Fraud triangle theory is an idea to investigate the causes of fraud. This idea was first coined by Donald R. Cressey (1953) called the fraud triangle or triangle cheating. Cressey (1953) in gagola (2011) concluded that:

> "People are believed to be violators of confidence when he sees himself as a person who has financial problems that can not be told it to someone else, be aware that this problem can be overcome secretly by abusing his authority as the holder of the trust in the financial sector, and the doings of the day menyeseuaikan enable-day views on himself as someone who can be trusted in the use of funds or property entrusted".

Fraud triangle describes three factors that are present in every situation of fraud:

1. Pressure , incentives / pressures / needs to do fraud . Pressure can include almost anything including lifestyle , economic demands , and others - others include financial and non-financial terms .
   According to SAS No. . 99 , there are four common types of conditions on the pressure that can lead to cheating . The condition is financial stability , esternal pressure , personal financial need and financial targets

2 .Opportunity , the situation is an opportunity to allow some cheating going on . Opportunities created by the internal control weaknesses . Of three fraud risk factors (*pressure , opportunity and rationalization*) , chances are the basic things

that can happen at any time so requires monitoring of organizational structure starting from the top .

According to SAS 99 , said that the chances of financial statement fraud can occur in three categories of the condition . The condition is the nature of the industry , ineffective monitoring and organizational structure .

3. Rationalization that is , the attitude , character or set of ethical values that allow certain parties to commit acts of fraud , or different people in an environment that makes them quite hit rationalize fraudulent actions . Rationalization is part of the fraud triangle is the most difficult to measure (Skousen et al . , 2009).

Incentive / Pressure

Opporunity   *Rationalization*

Source: *Fraud Triangle Theory* Oleh Cressey (1953)
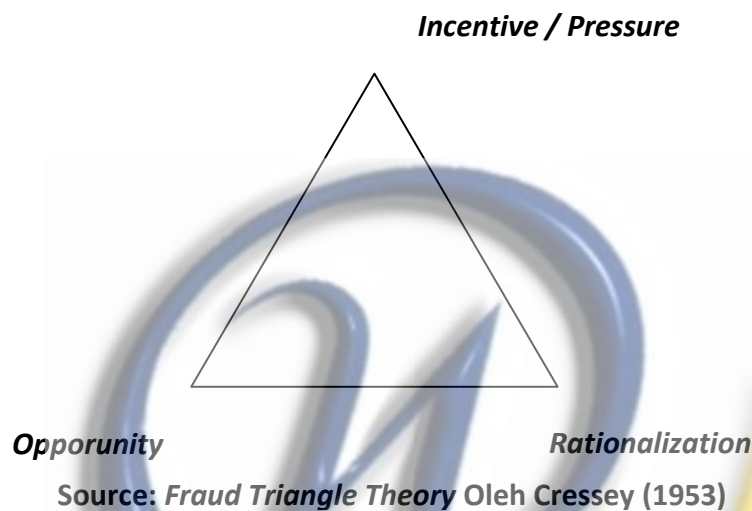
2.5 Definition of Financial Statement Fraud

Definition of financial statement fraud according to the American Institute Certified Public Accountant (AICPA, 1998) is a deliberate act or omission that results in a material misstatement of financial statements misleading. Moreover, according to the Australian auditing standard (AAS), financial statement fraud is a deliberate omission or penyalahsajian certain amounts or disclosures in financial reporting to deceive financial statement users (Brennan and McGrath, 2007). Both of the above sources define financial statement fraud with sudur same view.

Elliot and Willingham (in Intal and Do, 2002), defines financial statement fraud from a different perspective. According to him, financial statement fraud is a fraud management, namely, "the deliberate fraud committed injuries that investors and creditors throu misleading materiality". Thus, the term fraud management and financial statement fraud are often used interchangeably, but in general, fraud is a deliberate act to harm others.

Financial reporting which contain elements of fraud can lead to decline in the integrity of financial information and may affect various parties. In addition to investors and creditors, auditors are a victim of financial statement fraud because they may suffer financial loss and / or loss of reputation (Rezae, 2002). Therefore, the auditor must understand the ways taken by certain parties in the practice of financial statement fraud.

2.6 Earning Management

Earnings management has been described differently by academics, researchers, practitioners and other authorized bodies (Rezae, 2002). Schipper (1997) in Rezae (2002) defines earnings management as an intervention in the external financial reporting process to gain some personal advantage. Earnings management is often conducted over the management intervention. The statement was in line with Healy and Wahlen (1999) which states that earnings management occurs when managers use judgment in financial reporting and to manipulate transactions to alter financial reports, either to mislead some stakeholders about the company's performance or to affect the contracts that depend on the numbers in the financial statements.

Various facts and theories that have been described above indicate that there is a close relationship between earnings management and financial statement is reinforced by fraud.Pernyataan Rezae (2002) which states that:

"A financial statement fraud often begins with the misstatement of earnings management or financial statements that are considered not material but eventually developed into a large-scale fraud and produce annual financial statements materially misleading"

Based on the description above, it is relevant when the study to detect financial statement fraud is proxied by earnings management by the company because they have quality.

2.7 Previous Research

Research on fraud is still a little done. The following are some examples of research related to fraud:

Intal and Do (2002) conducted a study that aims to identify the reasons why the auditor is unable to detect financial statement fraud. The research method is done by analyzing the case of financial statement fraud in particular on the issue of revenue recognition. Technical terms, it can be concluded the reason why the auditor is unable to detect financial statement fraud is because it can not provide adequate audit evidence and the strong, weak audit risk model and risk assessment of internal control and audit failures in the revenue recognition and disclosure of transactions with third parties. From an ethical perspective, factors related to the failure of auditors to detect financial statement fraud is the independence of the audit and the amount of non-audit services provided by auditors.

Skousen et al . (2009) make the detection of fraud using the fraud triangle analysis . The study aims to assess the effectiveness of the theory of Cressey (1953) about the fraud risk factor framework implemented in SAS No. 99 to detect financial statement fraud . Skousen et al (2009) developed a variable that serves as a proxy measure for pressure , opportunity and rationalization. The research identified five pressures and two proxies proxy opportunities are significantly associated with cheating . The results showed that rapid asset growth , increased

need for cash and external financing is positively related to the likelihood of fraud . Furthermore , internal and external ownership and control of the board of directors is also associated with an increase in financial statement fraud . In addition , he also discovered that the expansion of the number of independent members on the audit committee negatively associated with the occurrence of fraud .

III. The Methodology and Model

This study analyzed the 5 (five) variables consisting of 1 (one) dependent variable and one (1) independent variables. Definitions of each variable are described in detail as follows:

Earnings management is a purposeful intervention of the external financial reporting process with the purpose to obtain some personal gain (Schipper , 1989) . Earnings management is due to the opportunity for management companies to a particular accounting method that can manipulate corporate earnings eventually be profitable for him.

Earnings management (DACC) can be measured through discretional accruals are calculated as the total disaccord way accrual (TACC) and nondiscretional accruals (NDACC) . discretional accrual (DACC) is the level of abnormal accruals derived from engineering to management policies to suit their profit ingingkan . In calculating DACC , used modified Jones models . The rationale for this model because it can detect the modified Jones model of earnings management is better than the other models in line with the results of Dechow *et.al* (1995) in Ujiyanto and Pramuka (2007).

Model calculation is as follows:
discretional accruals to measure first calculating total accruals for each firm i in year t with the Jones modification methods, is:

TAC it = Niit – CFOit……………………………………………………… (1)
Dimana,
TAC it = Total Accrual
Niit = net profit
CFOit = operating cash flow

Value of total accruals (TAC) is estimated by OLS regression equation as follows:

$$TAC_{it} = ß1(1/A_{it-1}) + ß2 (\Delta Revt/A_{it-1}) + ß3 (PPE_t/A_{it-1}) + e \ldots\ldots\ldots\ldots\ldots(2)$$

Thus the above regression coefficient, value of non discretionary accruals (NDA) can be calculated by the formula :

$$NDA_{it} = ß1(1/A_{it-1}) + ß2 (\Delta Revt/A_{it-1}) + ß3 (PPE_t/A_{it-1}) \ldots\ldots\ldots\ldots\ldots(3)$$

Further discretionary accrual (DA) can be calculated as follows:

$$DA_{it} = TAC_{it}/A_{it} - NDA_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..(4)$$
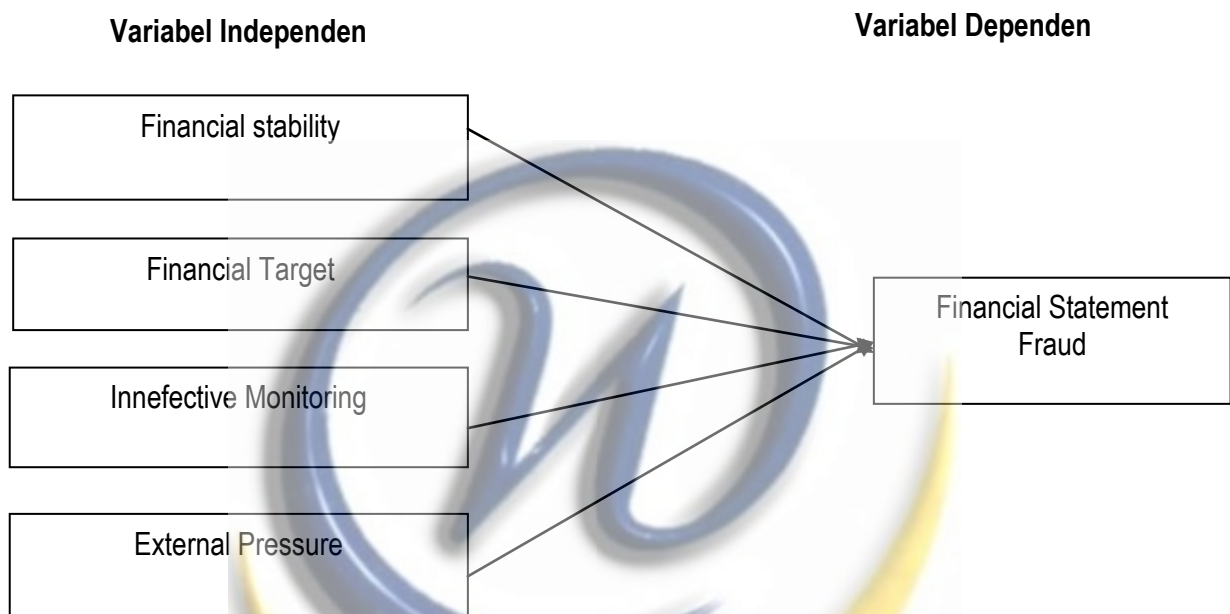
Where :,
 DA_{it} : *discretionary accrual* for firms i in period *t*
NDA_{it} : *non discretionary accrual* for firm i in period t
TAC_{it} : Total akrual for firm i in period t
Ni_{it} : net profit for firm i in period t
CFO_{it} : operating cash flow i in period t
A_{it-1} : total asset for firm i period t

ΔRevt   : change of the company's revenue in the period i to t
PPEt   : fixed asset the company in the period t
ΔRect   : change in account receivable firm i in periode t
e   : *error.*

Based research methods described above, the conceptual framework in this study as follows:

Gambar 2.2
Kerangka Konseptual

Variabel Independen   **Variabel Dependen**

| Financial stability |
| Financial Target |
| Innefective Monitoring |
| External Pressure |

| Financial Statement Fraud |

3.2 Independent Variables

Independent variables used in this study are:

a. Financial stability variables are proxied by asset growth rate (AGROW) has a positive influence by fraud financial statements,
   Financial stability diprosikan with AGROW asset which is the ratio of the change for two years. AGROW calculated by the formula:

   $$AGROW = \frac{(total\ asset_t - total\ asset_{t-1})}{Total\ asset_t} \times 100\%$$

b. Financial Targets proxied by Profitability Ratios (RoA) has a positive relationship with fraudulent financial statements.
   Return on Assets (RoA) is part of the profitability ratios in financial statement analysis or measurement of company performance. RoA can be calculated by the following formula:

   $$RoA = \frac{EAT_{t-1}}{Total\ asset_{t-1}}$$

c. Financial Effectiveness is proxied by the Ratio of the Commissioners (BDOUT) has a positive relationship with fraudulent financial statements,

The presence of independent board is expected to improve the company's performance monitoring so as to reduce the amount of fraud. ratio of independent board (BDOUT) can be measured by:

BDOUT =   Independent Board
                          Total Commisioners

d. External Pressure is proxied by leverage ratio (LEV) has a negative relationship with the financial statements fraud.

The leverage ratio is derived from total debt divided by total assets. The smaller the leverage ratio, the better the level of liquidity of the company. Leverage Ratio formula:

LEV = Total Debt
           Total Assets

3.3 Population, Sample and Sampling Technique

The population in this study is a company - a company registered in LQ45 period 2012 - 2013. In addition, the company's financial statement data - perusaahaan more reliable in the presentation of accounts - accounts financial statements as assets, cash flow , sales and others - others .

The sampling technique is done by purposive sampling in order to obtain representative samples in accordance with the specified criteria . The criteria used to select the sample as follows:

1. Company - a company registered in LQ45 period 2012 - 2013.
2. Companies publish annual financial statements and the company's website or the website LQ45 during the period August 2012 - January 2013.

The sampling method used in this study is a non - random method . this is because this study used whole study population as the study sample met the criteria specified

3.4 Method of Data Analysis

This analysis method is used to obtain definitive results in processing of data that can be accounted for. Meanwhile, the data analysis methods used are described below:

3.4.1 Assumptions Classical Test

The classical assumption test is required to detect the presence / absence deviations above assumptions of classical regression equations were used. This test consists of the normality test, multikolonieritas, autocorrelation and heterosdastisitas.

3.4.2 Normality Test

Normality test aims to test whether the regression model or residual confounding variable has a normal distribution (Ghozali, 2005). As it is known that the t and F test assumes that the residuals follow a normal distribution. If this assumption is violated, the statistical test to be invalid for a number of small samples. There are two ways to detect

whether the residuals are normally distributed or not that is the graph analysis and statistical tests. This study uses the second test to test the normality of the data.

a. If the data is spread around the diagonal line and follow the direction of the diagonal line, then the regression model to meet the assumption of normal

b. If the data is spread far and dri diagonal lines or do not follow the diagonal line, then the regression model did not meet the assumption of normality.

3.4.3 Multikolonieritas Test

Multikolonieritas test aims to test whether the regression model found a correlation between the independent variables (independent). Good regression models should not occur in the correlation between the independent variables (Ghozali, 2005). One to determine the presence / absence of multicollinearity are using the Variance Inflation Factor (VIF) and tolerance. The second shows the size of each independent variable Which explained by other independent variables. Tolerance measures the variability of the selected independent variables that are not explained by the other independent variables. So a low tolerance value equal to the value of high VIF (as VIF = 1/Tolerance). Criteria decision making with tolerance and VIF values are as follows:

1.If the tolerance value ≥ 0.10 or ≤ 10 VIF value, meaning not happen multicollinearity
2. If the tolerance value ≤ 0.10 or VIF values ≥ 10, there is a multicollinearity.

3.4.4 Autocorrelation Test

Autocorrelation test aims to test whether the linear regression model is no correlation between the error in period t with bullies bully error in period t - 1 (previous) , (Ghozali , 2005) . If there is no correlation eating problem called autocorrelation . Autorkorelasi arise because successive observations over time are related to each other . This problem arises because the residuals (errors bullies) are not independent from one observation to another observation

Criteria Durbin Watson test as follows :

1 . When the value of DW is located between the upper limit or upper bound (du) and (4 - du) , then the autocorrelation coefficient = 0 , so that there is no autocorrelation

2. When the DW value is lower than the lower limit or the lower bound (dl) , the autocorrelation coefficient > 0 , so that there is a positive autocorrelation

3. When the value is greater than the DW (4 - dl) , then the autocorrelation coefficient < 0 , so there is negative autocorrelation

4. When the value of DW is located between the upper limit (du) and lower limit (dl) or DW lies between (4 - du) and (4 - dl) , the results are inconclusive .

3.4.5 Heterosdastisitas test

Heterosdastisitas test aims to test whether the regression model of the residual variance occurs inequality a another observation to observation. If the residual variance from one observation to another observation remains, then it is called and if different homoskedastisitas called heteroscedasticity (Ghozali, 2009). Regression models is that homokesdasitas good or not happen heteroscedasticity.

3.4.6 Hypothesis Test

Hypothesis testing is conducted using multiple linear regression method which aims to examine the relationship between the effect of one variable to another variable. Statistical analysis of data using multiple regression techniques to examine the effect of the independent variable, to the determine the effect of variable financial

stabiltias (AGROW), financial targets (ROA), financial effectiveness (LEV) and external pressure (BDOUT) against Fraud Reports Finance (EAM).

IV. The Findings

Descriptive data is intended to provide an overview of the characteristics of research data. Performed for categorical variables descriptive statistics such as the distribution of financial stabiltias variables (AGROW), financial targets (ROA), financial effectiveness (LEV) and external pressure (BDOUT) and Financial Statement Fraud (EAM) in the form of average (mean) value maximum, minimum, standard deviation and percentile.

Table 4.1:Descriptive Statistics

Descriptive Statistics

|	N	Mean	Std. Deviation	Minimum	Maximum	Percentiles		
						25th	50th (Median)	75th
AGROW	35	-.0591	1.06767	-6.17	.45	.0800	.1200	.1500
ROA	35	.1163	.10572	.00	.40	.0300	.0900	.1400
LEV	35	.4957	.23334	.15	.93	.3300	.4200	.6700
BDOUT	35	.3869	.20787	.00	1.00	.3300	.4000	.5000
EAM	35	-6.46E10	4.219E11	-2.E12	1.E11	-9.51E7	-6059490.00	5270.00

Variable Financial Stability (AGROW) has a minimum value of -6.17 and a maximum of 0,45, while the overall average of -0.0591 with satandar deviation of 1.06767. Financial target variable (ROA) has a minimum value 0,00 0 and a maximum 0,40, while the overall average of 0.1163 with a standard deviation of 0.10572. Financial Effectiveness variable (LEV) has a minimum value of 0.15 and a maximum of 0.93 while the overall average of 0.4975 with a standard deviation of 0.23334. variable external pressure has a minimum value 0,00 and a maximum of 1,00, while the overall average of 0.3869 with a standard deviation of 0.20787.variabel Fraud Financial Statements (EAM) has a minimum value -2.E12 and a maximum 1.E11, while the overall average 6.46E10 with a standard deviation 4.219E11.

### 4.1 Assumption Classical Test.

4.1.1 Normality Test

Normality test aims to test whether the regression model, or residual confounding variable has a normal distribution. As it is known that the t test and F test assumes that the value of residuals follow a normal distribution. If assumptions are violated, the test statistic becomes invalid for small sample sizes.

Normal P-P Plot of Regression Standardized Residual
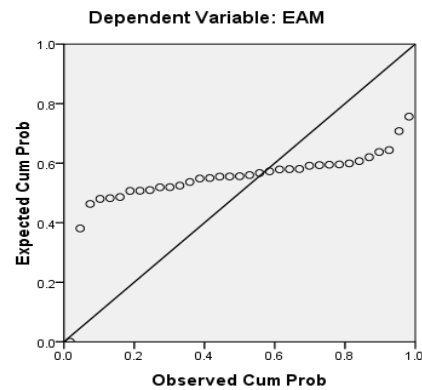
Based on P-Plot view (Figure 4.1) it can be concluded that the dots spread between the diagonal lines, as well as the spread following the direction of the diagonal line. While the histogram chart provides approximately normal distribution pattern. Thus, we can conclude the normal chart and graph a histogram plot shows that the regression model could be used because the assumption of normality.
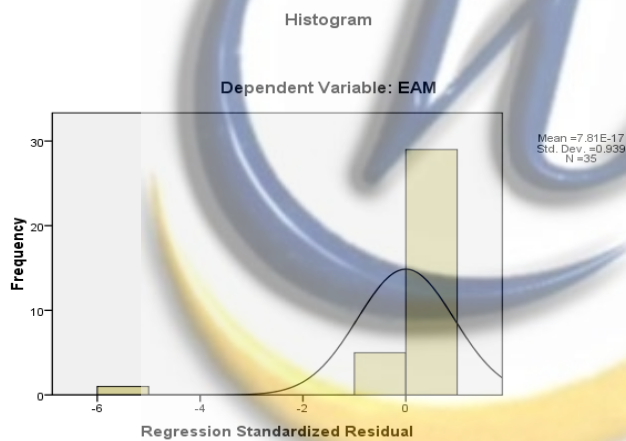
SPSS output of the histogram graph display shows that histogram chart shows the pattern of a normal distribution, then the regression model to meet normality (Ghozali, 2009:147).

4.1.2 Multikolonieritas Test

This test aims to test whether the regression model found a correlation between the independent variables or independent. The regression models should not happen correlation between the independent variables. The following table shows the test results of multicollinearity:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-2.573E11	3.039E11		-.847	.404	-8.780E11	3.633E11					
	AGROW	-3.189E10	7.354E10	-.081	-.434	.668	-1.821E11	1.183E11	-.045	-.079	-.078	.940	1.064
	ROA	4.930E11	8.813E11	.124	.559	.580	-1.307E12	2.293E12	.044	.102	.101	.667	1.499
	LEV	2.968E11	3.884E11	.164	.764	.451	-4.964E11	1.090E12	.089	.138	.138	.705	1.418
	BDOUT	-3.520E10	4.204E11	-.017	-.084	.934	-8.937E11	8.233E11	-.009	-.015	-.015	.759	1.318

a. Dependent Variable: EAM

Based on table 4.2 multikolonieritas test results can be seen through the Variance Inflation Factor (VIF) of each independent variable has no more than 10 VIF and tolerance values> 0.1, then it can be declared multiple linear regression model is free from assumptions multikolonieritas.

4.1.3 Autocorrelation Test

Autocorrelation test is used to determine whether a correlation exists between the regression model error bullies in period t with period t-1.

Table 3
Model Summary[b]

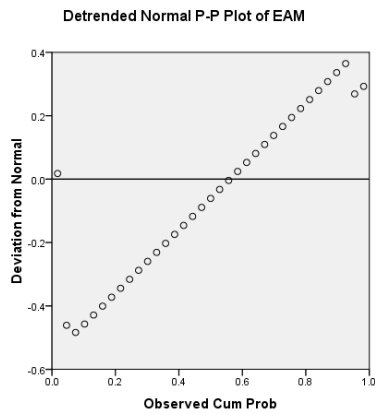| Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.154[a]	.024	-.106	4.438E11	.024	.182	4	30	.946	1.906

a. Predictors: (Constant), BDOUT, AGROW, LEV, ROA

b. Dependent Variable: EAM

Based on the results of testing for symptoms of autocorrelation in Table 5.3 above, the value of DW-count of 1,906. it can be concluded there is no autocorrelation.

4.1.4 Heterosdasitas Test

Heterosdastisitas test aims to test whether the regression model of the residual variance occurs inequality one observation to another observation. Regression models is that good or not happen Heteroskidastity homoskedastisitas (Ghozali, 2009). Here is a picture of SPSS output for test Heteroskidastity.

Detrended Normal P-P Plot of EAM

4.1.5 Hypothesis Test

Hypothesis testing is conducted using multiple regression method which aims to examine the relationship between the effect of one variable to another variable.

a. Coeffisien of Determinantion Test (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.154[a]	.024	-.106	4.438E11	.024	.182	4	30	.946	1.906

a. Predictors: (Constant), BDOUT, AGROW, LEV, ROA

b. Dependent Variable: EAM

SPSS output of the display models summary, the magnitude of the adjusted R2 is -0.106, meaning -10.6% variation fraudulent financial reports can be explained by the variation of all four (4) independent variables (stabiltias finance, financial target, financial effectiveness and external pressure).

Rate coefficient (R) on the table, was 0.024, indicating that the relationship between the dependent and independent variables is quite strong because it has a correlation coefficient above 0.50. Standard Error of Estimate (SEE) of 4.438 E11, the smaller the value of SEE will make the appropriate regression model to predict the dependent variable.

b. Simultaneuous significanes test (Statistic Test F)

Tabel 4.5: Simultaneuous significanes test (Statistik Test F)

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.436E23	4	3.591E22	.182	.946[a]
	Residual	5.908E24	30	1.969E23		
	Total	6.052E24	34			

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.436E23	4	3.591E22	.182	.946[a]
	Residual	5.908E24	30	1.969E23		
	Total	6.052E24	34			

a. Predictors: (Constant), BDOUT, AGROW, LEV, ROA

b. Dependent Variable: EAM

Sumber : data primer diolah

The results of this hypothesis can be seen in table 4.5. calculated F value obtained was 0.182 with a significance level of 0.946. Due to the significance level less than 0.05 or the value 0.946 <0.05 then the hypothesis is accepted, so that it can be said of financial stability, financial target, financial effectiveness and external pressures simultaneously and significantly affect the financial statement fraud.

c. Parameter Significance Test (Statistic Test t)

Table 4.5: Statistik test t
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-2.573E11	3.039E11		-.847	.404	-8.780E11	3.633E11					
	AGROW	-3.189E10	7.354E10	-.081	-.434	.668	-1.821E11	1.183E11	-.045	-.079	-.078	.940	1.064
	ROA	4.930E11	8.813E11	.124	.559	.580	-1.307E12	2.293E12	.044	.102	.101	.667	1.499
	LEV	2.968E11	3.884E11	.164	.764	.451	-4.964E11	1.090E12	.089	.138	.138	.705	1.418
	BDOUT	-3.520E10	4.204E11	-.017	-.084	.934	-8.937E11	8.233E11	-.009	-.015	-.015	.759	1.318

a. Dependent Variable: EAM

Independent variable test results between variables (stabiltias finance, financial target, financial effectiveness and external pressure) to the Dependent variable (Fraud Financial Statements) individually performed with the t test (Table 4.5) are as follows:

1. Hypothesis Test Results (X_1) Financial Stability proxied by asset growth rate (AGROW), namely:
   The first hypothesis which states that the Financial Stability proxied by asset growth rate has a positive effect on financial statement fraud. From table 4.5 it can be seen that the test results for Financial Stability is proxied by the variable rate asset has a number growing significance 0.668 <0.05. Thus H_1 is accepted and Ho is rejected, it means that the variable X_1 Financial Stability proxied by asset growth rate (AGROW) positive effect on financial statement fraud.

2. Hypothesis Test Results (X_2) is proxied by Financial Target Ratios Profitability (ROA),   is:
   The second hypothesis states Financial Target Ratios Profitability is proxied by having a positive relationship to kecurungan financial statements. From table 4.5 it can be seen that the test results for Target Financial Ratios Profitability is proxied

by having a significant number 0,580 <0.50. Thus H_1 is accepted and Ho is rejected Variable X_2 is proxied by Financial Target Ratios Profitability (ROA) has a positive effect on financial statement fraud.

3. Hypothesis Test Results (X_3) Finance Effectiveness Ratio proxied by the Board of Commissioners (BDOUT), is:The third hypothesis stated Effectiveness Ratios Financial proxied by the Board of Commissioners has a negative relation to fraudulent financial reporting. From table 4.5 it can be seen that the test results Effectiveness Ratios Financial proxied by the Board of Commissioners has a significant number 0.934> 0.50. Thus H_o is rejected and H1 is accepted. Finance Effectiveness X_3 variable is proxied by the ratio of the Board Commissioners has a negative relation to the financial reporting fraud.

4. Hypothesis Test Results (X_4) is proxied by External Pressure Ratios Leverage (LEV), is:
The fourth hypothesis states External Pressure Ratios Leverage is proxied by having a positive relationship to financial statement fraud. From table 4.5 it can be seen that the test results External Pressure Ratios Leverage is proxied by figures have significance 0.451 <0.50. Thus H_1 is accepted and Ho is rejected. External pressure is proxied by leverage ratio have a positive relationship to financial statement fraud.

V. Summary and Conclusion

This study examined the empirical evidence to detect fraudulent financial statements based on the perspective of fraud triangle. This study refers to the company - a company registered in LQ45. The variables used in the theory of variable fraud triangle, Financial Stability proxied by asset growth rate (AGROW) positive effect on financial statement fraud, proxied by Financial Target Ratios Profitability (ROA) has a positive effect on financial statement fraud, Finance Effectiveness Ratio proxied by the Board Commissioner (LEV) has a positive effect on financial statement fraud and External Pressure proxied by Leverage Ratio (BDOUT) negative effect on financial statement fraud.

Detecting financial statement fraud with the perspective of the fraud triangle financial stability, financial targets, and external pressures are good, proven simultaneously have a positive impact on the financial statements whereas deception financial effectiveness in proksikan with the commissioners have a negative impact on the financial statements fraud proxied by earnings management. These results are consistent with studies Skousen *et.al* (2009) that one proksinya the effectiveness of financial risk proxied by the commissioners board with an increased incidence of fraud in the financial statements

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