

ABSTRACT

Fraudulent financial statement is one type of fraud done deliberately on the company's financial statements that can cause mistakes to decision makers. This fraudulent financial report is the most disadvantageous among other types of fraud. The media in detecting fraud is most often found through financial statements.

This study aims to analyze the fraud diamond which consists of pressure, opportunity, rationalization, and capability factor in its influence to detect the fraudulent financial statement. Another purpose is also to know the number of samples indicated fraud by using F-Score model.

The data used are secondary data obtained from the financial statements and annual report of mining sector public companies period 2012-2016. The number of companies in this study as many as 35 companies with research year 2012 to 2016. Technical analysis using logistic regression.

The results showed that there were 28 samples indicated fraud. Simultaneously, the fraud diamond factor together affects the detection of the fraudulent financial statement. Partially, pressure includes external pressure proxied by LEV and financial distress proxied by negative EPS and opportunity variable covering nature of industry proxied by RECEIV have significant effect to fraudulent financial statement detection. Pressure factors include financial stability proxied by ACHANGE, opportunity includes ineffective monitoring proxied by BDOUT, rationalization proxied by CPA and TATA, and the capability proxied by DCHANGE has no significant effect on the fraudulent financial statement.

Based on the results of the research, the author suggest the next researcher can further develop research with other variables, researching with different objects, reproduce samples, and extend the period for more accurate results for detecting fraudulent financial statement. For the company, it is advisable to be an evaluation material to oversee and improve internal controls in particular by improving oversight of asset accounts, sales, accounts receivable, and debt. For Auditors, Investors ,and Government, it is advisable to be additional information in assessing risk for auditors and more vigilant on companies that detected fraudulent financial statement.

Keywords: fraud diamond and fraudulent financial statement.