

ABSTRACT

Fraud is an act committed by an individual or a group to enrich themselves or a group. Fraudulent financial statements is one type of fraud that often occurs in companies, this is often done by the company to manipulate financial statements to deceive the public about the actual performance of the company being managed. This action was carried out because the company did not want investors to take back their shares.

This study aims to determine the influence of the Fraud Diamond theory with External Pressure, Financial Targets, Financial Stability, Financial Distress, Ineffective Monitoring, Auditor Opinion, and Directors' Changes on the detection of fraudulent financial statements in the Infrastructure, Utilities and Transportation Sectors listed on the Indonesia Stock Exchange last year 2016-2018. The data used in the study were obtained from financial statements.

The population in the study is the Infrastructure, Utilities, and Transportation Sectors. The sample selection technique used was purposive sampling and 50 companies were obtained in the period 2016 – 2018 so as to get a sample of 150 observations. The data analysis method in this study was panel data regression using EVIEWS 10 software.

The results showed that external pressure, financial stability, financial targets, financial distress, ineffective monitoring, auditor opinions, and change of directors simultaneously affected the fraudulent financial statement. The results that have a partial effect are the external pressure variable which has a negative effect, the financial stability and financial targets have a positive effect on the fraudulent financial statement. Whereas the financial distress, ineffective monitoring, auditor opinion, and change of directors variables did not have a partial effect on the fraudulent financial statement.

Keyword : *Fraud, Fraud Diamond, Fraudulent Financial Statements.*