

## **ABSTRACT**

*Every company will certainly report the results of the company's performance in the form of financial statements, even though this is obtained by manipulating financial statements. so that external parties who see the company's financial statements will be interested in investing. Preventive measures for fraudulent financial statements need to be carried out and monitored so that there are no cases of fraudulent financial statements that can harm the parties who use the company's financial statements.*

*This study aims to determine the effect of rationalization factors on financial statement fraud. The rationalization factors as independent variables used are auditor turnover, audit opinion, BoD non-financial experts, total accrual and nature of industry with the dependent variable of financial statement fraud. The objects used in this study are manufacturing sector companies listed on the Indonesia Stock Exchange in 2017-2021.*

*This study uses a population of manufacturing sector companies on the Indonesia Stock Exchange in 2017-2021 with a sample used of 96 companies with a total of 480 observation data. Secondary data used in this study are annual reports contained in manufacturing sector companies listed on the Indonesia Stock Exchange in 2017-2021. This research is quantitative in nature. The data collection technique used was purposive sampling using logistic regression which was processed using SPSS 26 software as a research method.*

*The results showed that auditor turnover, audit opinion, BoD non-financial expert, total accruals and nature of industry simultaneously affect financial statement fraud. Partially, auditor turnover and total accruals have a positive effect on financial statement fraud, while audit opinion, BoD non-financial expert and nature of industry have no effect on financial statement fraud.*

*This study has limitations as indicated by the Nagelkerke R Square value of 53,9%, meaning that there are still 46,1% influenced by other factors outside the study. Therefore, it is advisable for further research to conduct research again by adding other variables and using research objects from other company sectors listed on the Indonesia Stock Exchange (IDX).*

**Keywords:** *Auditor change, audit opinion, BoD non-financial expert, total accruals, nature of industry and financial statement fraud.*