

ABSTRACT

ACFE interprets fraud as a deliberate overstatement of a company's financial status for personal gain bypassing manipulation of accounting records or concealment of facts. Elements of deception include illegal behavior, actions committed by both insiders and outsiders, for personal or collective gain, and harming others. This study was driven by high Internal Audit Cases with a lack of Independence from auditors influencing the occurrence of Financial Statements Fraud. This indicates that the company needs to examine the Internal Audit, External Pressure, and Independence aspects well in order to improve honesty and integrity for the company to its full potential, thus preventing fraud of financial statements.

This study aims to determine the influence of Internal Audit, External Pressure, and Independence on Financial Report Fraud on BPR in Papua in 2018-2022. By conducting this analysis, it is hoped that the company will be able to take appropriate policies and decisions in the Prevention of Fraud of Financial Statements.

The object of this research is Bank Perkreditan Rakyat (BPR) company Se-Pulau Papua. The study used a saturated sampling method obtained by 13 companies over 5 years of observation with 65 observational data. The data analysis method used is multiple linear regression using *EViews software* version 12.

Based on the results of the study, in part Independence has an influence and significant effect on Financial Report Fraud. Internal Audit and External Pressure have no effect on Financial Reporting Fraud. Besides that, it was shown that Internal Audit, External Pressure, and Independence simultaneously does not influence the Fraud of Financial Statements in BPR registered in Se-Pulau Papua for the period 2018-2022.

Keywords: Internal Audit, External Pressure, Independence, Fraud of Financial Statements