

ABSTRACT

Fraudulent Financial Statement is a scheme in which a person intentionally causes misrepresentation or omission of material information in an organization's financial statements. This manipulation can be in the form of overstatement or understatement of net profit. This topic was driven by a case carried out by PT Tiga Pilar Sejahtera which was examined by BPK and EY due to fictitious financial statements, namely overstatements on accounts such as receivables, debts, inventories.

This study aims to analyze the influence of audit rotation, auditor narcissism, auditor industry specialization, audit fee, and restatements on the detection of fraudulent financial statements in manufacturing companies listed on the IDX for the 2021–2023 period. Fraudulent financial statements include report manipulation, embezzlement, asset theft, and data alteration. Audit rotation is the replacement of auditors by the client. Auditor narcissism reflects an auditor's overconfident attitude and difficulty accepting criticism. Auditor industry specialization refers to the auditor's expertise in a particular industry. Audit fee is the cost of external audit services, and restatements are corrections to previous financial statements.

The object of this research is manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period, with a sample of 108 companies. This study uses secondary data obtained from the company's annual report, then analysis is carried out using logistics regression using IBM SPSS 30 software.

The results of this study are that for simultaneous tests, it is known that audit rotation, auditor narcissism, auditor industry specialization, audit fees and restatements have a simultaneous effect on the detection of fraudulent financial statements. As for the partial test, audit rotation, auditor narcissism and restatements have no partial effect. Then, auditor industry specialization and audit fee have a positive effect on the detection of fraudulent financial statements..

This research is limited to manufacturing companies on the IDX for the 2021-2023 period, so the results cannot be generalized to other sectors. In addition, the variables used do not include all factors that may affect the detection of fraudulent financial statements. Researchers are further advised to add more relevant variables such as auditor ethics, management pressure, or internal control systems with the use of primary data such as questionnaires and more complex analytical methods such as PLS or SEM.

Keywords: *Audit Fee, Audit Rotation, Auditor Industry Specialization, Auditor Narcissism, Fraudulent Financial Statement, Restatements.*