

ABSTRACT

Fraudulent financial statements are those of misstatement or on the presentation of financial statements which are carried out by reducing or even adding the value of several accounts intentionally. So the information presented in the financial statements shows that the company achieved the specified profit target each year, despite the fact that there was some data being manipulated. This action can mislead users of financial statements in the decision making process.

This study aims to determine the effect of financial targets, nature of industry, changes in auditors, and changes in directors on the detection of fraudulent financial statements using the beneish ratio index analysis on infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange in the period 2014-2018. In this study, the sample used was 160 samples using purposive sampling.

From the results of testing using SPSS 25 software, the simultaneous results of independent variables pressure, opportunity, rationalization, and ability simultaneously influence the detection of fraudulent financial statement. For partial testing, the results show that financial target variable significantly influences the detection of financial statement fraud. But nature of industry, auditor changes, and directors changes do not significantly influence the detection of fraudulent financial statement.

Keywords: Fraudulent Financial Statements, Fraud Diamond, Beneish Ratio Index.