CURRENT ADVANCED RESEARCH ON SHARIA FINANCE AND ECONOMIC WORLDWIDE
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THE INFLUENCE OF CORPORATE GOVERNANCE ON FINANCIAL REPORT FRAUD WITH COMPANY SIZE AS A MODERATING VARIABLE IN INFRASTRUCTURE, UTILITIES, AND TRANSPORTATION COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE DURING THE PERIOD 2019-2021

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Abstract
The primary objective of this research is to examine the impact of corporate governance, as indicated by the board of commissioners, audit committee, and institutional ownership, on financial statement fraud. Additionally, this study aims to investigate the moderating role of company size in this relationship. The target population for this study comprises infrastructure, utilities, and transportation companies that are listed on the Indonesia Stock Exchange during the period of 2019-2021. The sample for this research was selected using a purposive sampling method, resulting in a total sample size of 60 companies. Logistic regression analysis and moderating regression analysis were employed to analyze the data. The findings of this study reveal that both the board of commissioners and the audit committee have a significant influence on financial statement fraud. However, institutional ownership does not exhibit a significant impact on financial statement fraud. Furthermore, the results indicate that company size plays a role in strengthening the relationship between the board of commissioners and the audit committee in terms of financial statement fraud. Conversely, company size weakens the relationship between institutional ownership and financial statement fraud.

Keywords: *Audit Committee, Board of Commissioners, Company Size, Financial Statement Fraud, Institutional Ownership*

1. INTRODUCTION

Developments in the economic sector in Indonesia have caused the role of accounting as a tool in making economic and financial decisions to increase. Accounting has a very important role in a company, the progress of a company can be seen from the company's accounting process (Susanti, 2017). Public companies that have been listed on the Indonesia Stock Exchange (IDX) are required to publish annual financial reports as a form of management accountability to users of financial statements, both for internal and external parties which are useful for economic decision making (Ressidnarry & Sjarief, 2021). However, in the business world, fraud or actions that deviate from established procedures or standards often occur. And one form of fraud that occurs in companies is manipulation or engineering the data available in the financial statements which results in losses to stakeholders (Sari & Husadha, 2020).

Manipulation that is deliberately carried out by the company is considered fraud. The fraud committed by the company in manipulating financial statements is also known

as financial statement fraud (Ferdinand & Santosa, 2019). Financial statement fraud is a phenomenon that has existed for a long time, but until now it is still an interesting topic to discuss as long as there is still a lot of fraud in financial reports (Handayani, 2020). . Financial statement fraud is explained in Statement of Auditing Standards (PSA) No. 70 where financial statement fraud is a misstatement or deliberate omission of amounts or disclosures in financial statements with the aim of deceiving users of financial statements with the resulting effect being non-conformity of financial statements in all material respects with generally accepted accounting principles (Triyani et al., 2019).

The global ACFE which released RTTN in 2022 states that there are three forms of fraud including asset misuse, corruption, and financial statement fraud. Of the three forms of fraud above, financial statement fraud has the smallest chance of 9%, but incurs the largest loss of US $ 593,000. In addition, ACFE Indonesia also released RTTN in 2018 where financial statement fraud was the case with the lowest percentage of 10%, with the largest cause of loss reaching US $ 800,000. Meanwhile, in the 2019 fraud survey, financial statement fraud had a percentage of cases of 9.2% with losses around Rp. 242,260,000,000.

The financial statement fraud scandal that has become a public concern is the PT. Garuda Indonesia (Persero) Tbk. scandal in 2018, where Garuda Indonesia recorded a net profit of US $ 809.85 thousand or the equivalent of Rp 11.33 billion. The profit was generated by cooperation between Garuda Indonesia and PT. Mahata Aero Teknologi (Mahata) worth US$ 239.94 million or around Rp 3.48 trillion. The funds are still receivable with a contract for the next 15 years, but have been booked in the first year and recognized by Garuda Indonesia management as revenue. As a result, the company, which previously lost money, then made a profit. Furthermore, the case of PT. Inovisi Inracom Tbk (INVS) in 2015 where the Indonesia Stock Exchange found indications of misstatement in the company's financial statements in the September 2014 period. In the September 2014 period, salary payments to employees amounting to Rp. 1.9 trillion decreased in the third quarter of 2014 to Rp. 59 billion. Previously, Inovisi Infracom had revised its financial statements for the period January to September 2014, where there were several values in the financial statements that had changed such as a decrease in the value of fixed assets to Rp 1.16 trillion after the revision from previously recognized at Rp 1.45 trillion.

The rise of cases of fraudulent financial statements that occur shows that the existing corporate governance mechanism is not implemented effectively by the company, thus causing a lack of supervision of managers' moral hazard behavior (Haryani & Syafruddin, 2022). Corporate governance (CG) or what is usually referred to as corporate governance is a concept proposed for the sake of improving performance in the company through supervision and monitoring of management performance and protecting management accountability to stakeholders based on a regulatory framework (Nasution & Setiawan, 2007). Therefore, the role of corporate governance is needed to prevent and deter management from committing fraudulent financial reporting. Poor corporate governance in a company can cause fraud, and vice versa, corporate governance that is well run can contribute to the prevention of fraudulent financial reporting (Syahfitri et al., 2020).

Previous studies provide substantial evidence of the importance of an effective corporate governance structure in reducing the incidence of fraud in financial reporting. Therefore, the purpose of this study is to examine the effect of corporate governance in

preventing and deterring fraudulent practices in financial reporting in companies going public in Indonesia. Where corporate governance in this study is proxied by the board of commissioners, audit committee, and institutional ownership. The results of this study are expected to provide evidence that corporate governance has an effect in reducing fraudulent financial statements that occur in the company.

2. LITERATURE REVIEW

2.1. Agency Theory

Agency theory is the theoretical rationale used to understand and study the concept of corporate governance. Jensen & Meckling (1976) explain that the agency relationship is a contract between managers (agent) and shareholders (principal). This agency relationship arises when one or more people (principal) hire another person (agent) to do work for their benefit, and then delegate some policy and decision-making power. In this theory, it is assumed that everyone puts their own interests first because human nature is basically as an individual which leads to the issue of interests between the principal and the agent.

2.2. Financial Statement Fraud

Financial statement fraud is defined as the act of engineering the presentation of financial statements through intentional misstatement or omission of amounts and disclosures in financial statements that aim to cover up the company's true financial condition to trick users of financial statements (ACFE, 2019). Financial statement fraud is carried out intentionally by increasing the value of assets and income, or conversely by lowering the value of liabilities, as well as charging operating costs and production costs with the aim of deceiving investors and creditors (Priantara, 2013).

Statement on Auditing Standards (SAS) Number 99 explains that financial statement fraud can be done in many ways, including:

1. Manipulation, falsification, and changes in accounting records of supporting documents from the prepared financial statements.
2. Intentional errors or omissions in information that is significant in the financial statements.
3. Intentional misuse of principles related to the amount, classification, manner of presentation, or disclosure (AICPA, 2002).

2.3. Corporate Governance

The issue of good corporate governance began to emerge, especially in Indonesia in 1998 when Indonesia experienced a prolonged crisis. Many parties say that the length of the improvement process in Indonesia is due to the very weak good corporate governance applied in Indonesian companies. Since then, both the government and investors have begun to pay significant attention to the practice of good corporate governance (Thendean and Meita, 2018).

The Forum for Corporate Governance in Indonesia (FCGI) defines Good Corporate Governance as a set of rules that determine the relationship between shareholders, management, creditors, government, employees, and other internal and external stakeholders with respect to their rights and obligations, or in other words a

system that directs and controls the company. The purpose of corporate governance is to create added value for stakeholders (Saputra, 2017).

2.4. Board of Commissioners

The board of commissioners is the highest internal control mechanism that is collectively responsible for supervising and providing input to the board of directors and ensuring that the company carries out GCG. The Board of Commissioners also bridges the interests of principals and managers in a company. The board of commissioners has an important role in implementing good corporate governance (Adestian, 2015). The board of commissioners is one of the control functions contained in a company. In POJK Number 33.POJK.04/2014 concerning Directors and Board of Commissioners of Issuers or Public Companies, it is explained that each company is required to have a commissioner with at least three members. The board of commissioners consists of independent and non-independent commissioners, where the number of independent commissioners is at least 30% of the total number of members of the board of commissioners.

2.5. Audit Committee

Agency theory explains that each individual prioritizes his own interests because human nature is basically an individual being, causing conflicts of interest between principals and agents. This difference in interest causes problems that are often referred to as agency problems. The implementation of corporate governance mechanisms, one of which is the audit committee, is one way to overcome agency problems. With the audit committee, it is hoped that fraud will not occur and balance the information obtained by the principal and agent (Wicaksono and Chariri, 2015).

POJK Number 55 / POJK.04 / 2015 concerning the Establishment and Implementation Guidelines for the Audit Committee where it is explained that issuers or public companies are required to have an audit committee appointed and dismissed by the board of commissioners with a minimum number of members consisting of three people from independent commissioners and outside the issuer or public company.

2.6. Institutional Ownership

Institutional ownership is the percentage of share ownership by institutional investors, such as investment companies, banks, insurance companies and ownership of other institutions and companies. Institutional investors can be divided into two, namely active investors and passive investors. Where active investors want to be involved and active in managerial decision making, while passive investors do not really want to be involved or passive in decision making (Triyani et al., 2019). Institutional ownership has a very important role in minimizing agency conflicts that occur between managers and shareholders. The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken in the strategic decision-making process (Jensen & Meckling, 1976).

2.7. Company Size

Company size is one of the important variables in company management. The size of the company reflects how much total assets the company has. The total assets owned by the company describe the capital, as well as the rights and obligations it has. The larger

the size of the company, the greater the funds managed and the more complex the management. Large companies tend to get more attention from the wider community. Thus, usually large companies have a tendency to always maintain the stability and condition of the company (Adestian, 2015).

2.8. Research Hypothesis

H_1 : The board of commissioners, audit committee, and institutional ownership affect financial statement fraud.
H_2 : The board of commissioners has an effect on fraudulent financial statements.
H_3 : The audit committee affects financial statement fraud.
H_4 : Institutional ownership affects financial statement fraud.
H_5 : The board of commissioners affects financial statement fraud with company size as a moderating variable.
H_6 : The audit committee affects financial statement fraud with company size as a moderating variable.
H_7 : Institutional ownership affects financial statement fraud with company size as a moderating variable.

3. RESEARCH METHODS

The objects examined in this study are the variables involved in the study, namely the board of commissioners, audit committee, and institutional ownership which are independent variables, company size as a moderating variable, and financial statement fraud which is the dependent variable. The subjects of this research are Infrastructure, Utilities and Transportation companies listed on the Indonesia Stock Exchange for the 2019-2021 period. This study uses secondary data in the form of annual reports and performance summaries of Infrastructure, Utilities, and Transportation companies listed on the Indonesia Stock Exchange for the 2019-2021 period which are accessed through (www.idx.co.id) and the websites of each company. This study has 81 Infrastructure, Utilities and Transportation companies listed on the Indonesia Stock Exchange for the 2019-2021 period which are used as a population. The research sample withdrawal technique used purposive sampling method, so that a research sample of 60 companies was obtained.

3.1. Measurement of Research Variables

This research variable consists of three independent variables, namely the board of commissioners, audit committee, and institutional ownership; and one moderating variable, namely company size, and one dependent variable, namely financial statement fraud. The measurement of financial statement fraud (Y) in this study refers to the research of Nugroho & Diyanty (2022), Haryani & Syafruddin (2022) and Kurniawan et al (2020) which measure financial statement fraud using the Beneish M Score with dummy variables. The dummy variable is a nominal variable used in the regression model which is coded 0 and 1. The company is coded 0 if the company is classified as a non-manipulator, and coded 1 if the company is classified as a manipulator.

The board of commissioners variable is measured by the number of members with commissioners, both from internal and external companies (Haryani & Syafruddin,

2022). The audit committee variable in this study is measured by the number of audit committees in a company (Widowati & Oktoriza, 2021). The institutional ownership variable in this study is measured using the total number of shares owned by the institution divided by the total number of shares outstanding (Mulyadianto et al., 2020). And the company size variable is measured using the total assets owned by the company or the total assets of the client company listed in the company's financial statements at the end of the audited period and using Ln total assets (Khuluqi, 2022).

3.2. Data Analysis Technique

The data analysis technique used in this research is quantitative analysis. The statistical analysis method used in this study is logistic regression analysis and moderating regression analysis to test the effect of corporate governance on financial statement fraud with company size as a moderating variable.

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistics

Descriptive statistics are used to analyze and present quantitative data, so that it can be seen how the average value (mean), standard deviation, variance, maximum, and minimum for metric scale research variables (interval and ratio). Descriptive statistics are briefly presented in table 1 below.

Table 1. Descriptive Statistical Analysis Results

		Minimum	Maximum	Mean	Std. Deviation
Board of Commissioners	80	2	15	3.86	1.946
Audit Committe	80	2	7	3.14	.644
Institutional Ownership	80	24.35	98.41	67.5715	20.23905
Company Size	80	5	23	16.18	3.230

Source: Output SPSS, (2020)

Based on table 1, it can show that the research data (N) amounted to 180 data which was the research sample during the 2019-2021 period. The board of commissioners variable (X1) is measured by looking at the number of members of the board of commissioners both from internal and external to the company has a minimum value of 2 and a maximum value of 9, an average value of 3.86 with a standard deviation of 1.946. The audit committee variable (X2) is measured by looking at the number of audit committee members in the company has a minimum value of 2 and a maximum value of 7, an average value of 3.14 with a standard deviation of 0.644. The institutional ownership variable (X3) is measured by looking at the ratio of the number of shares owned by the institutional divided by the number of shares outstanding has a minimum value of 24.35 and a maximum value of 98.41, an average value of 67.5715 with a standard deviation of 20.23905. The moderating variable is company size (Z) as measured by taking into account the natural logarithm (LN) of the total assets of the sample companies has a minimum value of 5 and a maximum value of 23, an average value of 16.18 with a standard deviation of 3.230.

The non-metric scale variable in this study is financial statement fraud (Y) explained using frequency statistics. The results show that the descriptive frequency analysis using SPSS software version 26.0 is as follows.

Table 2. Statistical Analysis Results Frequency

Variable	Frequency	Percentage
Financial Statement Fraud		
Non Manipulator	135	75.0
Manipulator	45	25.0
Total	**180**	**100,0**

Source: Output SPSS (2020)

Based on table 2, it can be seen that the financial statement fraud variable is measured by a dummy variable. Sample companies included in the non manipulator category amounted to 135 with a percentage of 75.0, and sample companies included in the manipulator category amounted to 45 with a percentage of 25%. This frequency statistic shows that the companies studied are mostly categorized as non-manipulators.

4.2. Classical Assumption Test

Table 3. Multicollinearity Test Results

Research Variables	Collinearity Statistics	
	Tolerance	VIF
Board of Commissioners	.997	1.003
Audit Committee	.905	1,184
Institutional Ownership	.932	1.073
Company Size	.933	1.072

Source: Output SPSS (2020)

Based on table 3, it shows that the tolerance value of the board of commissioners (X1) is 0.997 (0.997 > 0.10), the audit committee (X2) is 0.905 (0.905 > 0.10), institutional ownership (X3) is 0.932 (0.932 > 0.10), and company size (Z) is 0.933 (0.933 > 0.10). Judging from the VIF value of the board of commissioners (X1) of 1.003 (1.003 < 10.00), the audit committee (X2) of 1.184 (1.184 < 10.00), institutional ownership (X3) of 1.073 (1.073 < 10.00), and company size (Z) of 1.072 (1.072 < 10.00). Judging from the tolerance and VIF values, it means that between the board of commissioners, audit committee, institutional ownership, and company size there is no multicollinearity.

4.3. Overall Model Fit Test

Table 4. Block 0 Result

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	202.774	-1.000
	2	202.441	-1.096
	3	202.441	-1.099
	4	202.441	-1.099

Source: Output SPSS (2020)

Based on table 4 above shows a model that only includes a constant, which is 202.441 and has a chi square distribution (x^2) with df 179 (180-1), which is 211.217. The -2logL value < x^2 table, thus accepting H_0, indicating that the model before including the independent variables is fit with the data.

Table 5. Block 1 Result

Iteration	-2 Log likelihood	Coefficients							
		Constant	X1	X2	X3	Z	X1Z	X2Z	X3Z
Step 1	174.238	-13.374	-.632	3.814	3.411	.620	.034	-.213	-.069
	163.747	-20.137	-1.377	5.893	6.503	.976	.074	-.342	-.157
	161.692	-23.390	-1.788	6.974	7.980	1.179	.096	-.422	-.189
	161.547	-24.531	-1.879	7.448	7.999	1.258	.101	-.458	-.174
	161.546	-24.649	-1.884	7.502	7.971	1.267	.101	-.462	-.171
	161.546	-24.650	-1.884	7.503	7.971	1.267	.101	-.462	-.171
	161.546	-24.650	-1.884	7.503	7.971	1.267	.101	-.462	-.171

Source: Output SPSS (2020)

Based on table 5 above shows that with a constant and independent variables with a -2logL value of 161.546 and has a chi square distribution (x^2) with df 179 (180-1), which is 211.217. The -2logL value < x^2 table, thus accepting H_0, indicating that the model after including the independent variables is fit with the data.

Table 6. Hosmer and Lemesshow Test Result

Step	Chi-square	Df	Sig.
1	15.699	8	.172

Source: Output SPSS (2020)

Based on table 6 above, it shows that the value of the Hosmer and Lemeshow Goodness-of-fit statistic is 15.699 with a significance of 0.172 whose value is > 0.05. Thus, it can be concluded that the model is acceptable.

4.4. Logistic Regression Analysis and Moderating Regression Analysis (MRA)

Table 7. Logistic Regression Analysis and Moderating Regression Analysis (MRA)

		B	S.E.	Wald	df	Sig.
Step 1[a]	X1	-1.884	.876	4.628	1	.031
	X2	7.503	2.935	6.534	1	.011
	X3	7.971	6.256	1.623	1	.203
	Z	1.267	.504	6.317	1	.012
	X1Z	.101	.047	4.615	1	.032
	X2Z	-.462	.175	7.009	1	.008
	X3Z	-.171	.380	.203	1	.652
	Constant	-24.650	8.577	8.260	1	.004

Source: Output SPSS (2020)

Based on table 7 above, it shows that the logistic regression equation with moderating regression analysis (MRA) obtained is as follows:

$$KLK = -24{,}650 - 1{,}884DK_{it} + 7{,}503KA_{it} + 7{,}971KI_{it} + 1{,}267SIZE + 0{,}101(DK^{*}\ SIZE) - 0{,}462(KA^{*}\ SIZE) - 0{,}171(KI^{*}\ SIZE) + e_{it}$$

4.5. Hypothesis Testing

4.5.1. Omnibus Test (Simultaneous Test)

Table 8. Omnibus Test

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	40.895	3	.000
	Block	40.895	3	.000
	Model	40.895	3	.000

Source: Output SPSS (2020)

Based on table 8 above, it shows that the difference between -2 LogL before the independent variable enters the model minus -2 LogL after the independent variable enters the model is 40.895 (202.441 - 161.546). The value of x^2 calculated 40.895> x^2 table at df 3 (number of independent variables) 7.815 with a significance of 0.000 <0.05 ($\alpha = 5\%$). This means that all independent variables, namely the board of commissioners, audit committee, and institutional ownership, have an effect on financial statement fraud (H1 is accepted).

4.5.2. Wald Test (Partial Test)

Table 9. Wald Test

		B	S.E.	Wald	df	Sig.
Step 1[a]	X1	-1.884	.876	4.628	1	.031
	X2	7.503	2.935	6.534	1	.011
	X3	7.971	6.256	1.623	1	.203
	Z	1.267	.504	6.317	1	.012
	X1Z	.101	.047	4.615	1	.032
	X2Z	-.462	.175	7.009	1	.008
	X3Z	-.171	.380	.203	1	.652
	Constant	-24.650	8.577	8.260	1	.004

Source: Output SPSS (2020)

Based on table 9 above, the test results of the board of commissioners variable obtained a wald value of 4.628 with a significance of 0.031 < 0.05 (α = 5%). This shows that the board of commissioners has a significant effect on financial statement fraud, this means that H_2 is accepted. The test results of the audit committee variable have a wald value of 6.534 with a significance of 0.011 < 0.05 (α = 5%). This shows that the audit committee has a significant effect on financial statement fraud, this means that H_3 is accepted. The test results of the institutional ownership variable obtained a wald value of 1.623 with a significance of 0.203 > 0.05 (α = 5%). This shows that the institutional ownership variable has no effect on financial statement fraud, this means that H_4 is rejected.

4.5.3. Moderated Regression Analysis (MRA)

Table 10. Analysis of Moderating Regression Analysis (MRA)

		B	S.E.	Wald	df	Sig.
Step 1[a]	X1	-1.884	.876	4.628	1	.031
	X2	7.503	2.935	6.534	1	.011
	X3	7.971	6.256	1.623	1	.203
	Z	1.267	.504	6.317	1	.012
	X1Z	.101	.047	4.615	1	.032
	X2Z	-.462	.175	7.009	1	.008
	X3Z	-.171	.380	.203	1	.652
	Constant	-24.650	8.577	8.260	1	.004

Source: Output SPSS (2020)

Based on table 10 above, it shows the interaction between company size and the board of commissioners which obtained a coefficient value (β) of 0.101 and a significance value of 0.032 smaller than 0.05 (0.031 < 0.05), meaning that company size can strengthen the board of commissioners in influencing financial statement fraud. The interaction of company size with the audit committee which obtained a coefficient value (β) of -0.462 and a significance value of 0.008 is smaller than 0.05 (0.008 < 0.05), meaning that company size can strengthen the audit committee in influencing financial statement fraud. The interaction of company size with institutional ownership which

obtained a coefficient value (β) of -0.171 and a significance value of 0.652 is greater than 0.05 (0.652 > 0.05), meaning that company size weakens institutional ownership in influencing financial statement fraud.

4.5.3. Coefficient of Determination

Table 11. Determination Test

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	161.546[a]	.203	.301

Source: Output SPSS (2020)

The coefficient of determination test uses a Nagelkerke R Square value of 0.301 which indicates that the ability of the independent variables to explain the dependent variable is 0.301 or 30.1% which is included in the weak category (0.21 - 0.40) and there are 69.9% (100% - 30.1%) other factors outside the model that explain the dependent variable, such as the effectiveness of the audit committee (Haryani & Syafruddin, 2022), fraud pentagon (Khuluqi, 2022), and board members with international experience (Indrati et al., 2021).

4.6. Discussion

4.6.1. The Effect of the Board of Commissioners on Financial Statement Fraud

The results of the regression analysis show that the board of commissioners has a negative and significant effect on financial statement fraud, so H_2 is accepted. The indication of the results of this study is that the more the number of members of the board of commissioners in a company will reduce the level of financial statement fraud. The board of commissioners is responsible for the quality of information contained in the financial statements. This supervisory task is carried out to prevent and reduce the tendency of managers to commit fraud in financial reporting and ensure that the company has implemented corporate governance properly in accordance with applicable regulations. With more members of the board of commissioners, the supervision of managers becomes much better. The results of this study are in line with the research of Tan & Chariri (2022).

4.6.2. Effect of Audit Committee on Financial Statement Fraud

The results of the regression analysis show that the audit committee has a positive and significant effect on financial statement fraud, so H_3 is accepted. The indication of the results of this study is that the more the number of audit committee members in a company will reduce the level of financial statement fraud. In carrying out its duties, the board of commissioners is supported by the audit committee. the audit committee functions to ensure the quality and reliability of financial statements. The existence of an audit committee can assist the board of commissioners in supervising financial reports. In addition, the audit committee can assist the board of commissioners in preventing agency problems as a result of differences in interests between principals and agents. The results of this study are in line with Dewi's research (2019) and Wicaksono & Chariri (2015).

4.6.3. The Effect of Institutional Ownership on Financial Statement Fraud

The results of the regression analysis show that the audit committee has no influence on financial statement fraud, so H_4 is rejected. Institutions are considered unable to carry out their role properly as parties who have voting rights to determine policies in the company, so they have not been able to control the company to avoid fraudulent financial statements. In addition, no matter how large the shares owned by the institution does not guarantee that it can provide more supervision of the company's operational activities, especially management performance. Outside institutional shareholders still do not play an active role in supervising the actions of managers who commit financial statement fraud, so there is still a gap in committing financial statement fraud. The results of this study are in line with the research of Nursiam & Ghaisani (2021) and Kurniawan et al (2020).

4.6.4. The Effect of the Board of Commissioners on Financial Statement Fraud with Company Size as a Moderating Variable.

The regression analysis results show that the interaction between company size and the board of commissioners affects financial statement fraud or company size can strengthen the board of commissioners in influencing financial statement fraud, so H_5 is accepted. The assumption that company size can strengthen the relationship between the board of commissioners and financial statement fraud is that company size is an important factor related to ownership structure because the more the size of the company, the more information for investors in connection with the investment made. Large companies are more concerned by the public so that they will be more careful in conducting financial reporting so that the resulting reports are more accurate (Dzaki & Suryani, 2020).

4.6.5. The Effect of the Audit Committee on Financial Statement Fraud with Company Size as a Moderating Variable.

The regression analysis results show that the interaction between company size and audit committee affects financial statement fraud or company size can strengthen the audit committee in influencing financial statement fraud, so H_6 is accepted. The assumption of company size can strengthen the relationship between the influence of the audit committee on fraudulent financial statements, where the greater the assets owned by the company, the more transactions will be carried out. With increasingly complex operational activities, supervision of management will also be tighter. The audit committee is formed by the board of commissioners and is directly responsible to the board of commissioners. The audit committee functions to assist the board of commissioners in supervising the management that runs the company's daily operations. The tighter the supervision carried out by the company, the less fraudulent the financial statements that occur in the company.

4.6.6. The Effect of Institutional Ownership on Financial Statement Fraud with Company Size as a Moderating Variable.

The regression analysis results show that the interaction between company size and institutional ownership has no effect on financial statement fraud or company size can weaken institutional ownership in influencing financial statement fraud, so H_7 is rejected. The assumption of company size can weaken the relationship between institutional ownership and financial statement fraud, where companies that have large assets also

have a large share value. Share ownership by a company is also divided into individual shares and institutional shares. Institutional ownership also has control over the company. However, whatever shares are owned by the institution cannot overcome the actions of managers to commit fraudulent financial statements. Where outside institutional shareholders still do not play an active role in overseeing fraudulent actions committed by managers.

5. CONCLUSION

This study aims to examine the effect of corporate governance on financial statement fraud with company size as a moderating variable. Based on the hypothesis testing that has been carried out, the results show that the board of commissioners variable has a negative and significant effect on reducing financial statement fraud. The audit committee variable has a positive and significant effect on reducing fraudulent financial statements. The institutional ownership variable has no effect in reducing fraudulent financial statements. The variables of the board of commissioners and audit committee in reducing fraudulent financial statements are strengthened by company size. Meanwhile, the institutional ownership variable in reducing fraudulent financial statements is weakened by company size.

There are several limitations in this study, namely the use of samples limited to infrastructure, utility and transportation sector services. In addition, the research period is limited to the last 3 years. Future research is expected to expand the research sample in other sectors, extend the research period, add other independent variables, and can use different test tools to obtain more accurate research results, such as panel data regression analysis.

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