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The Role of the Auditor's Reputation as a Moderating Variable in the Relationship between Corporate Governace and Fraudulent Financial Statement (Case Study on Construction and Building Subsector Companies Listed on the Indonesia Stock Exchange)

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ABSTRACT: *The company's losses resulting from the occurrence of fraudulent financial statements are quite high. This certainly encourages companies to be able to play a proactive role in preventing through the existence of good corporate governance in order to create the reliability of quality financial reports and with integrity because the company has a responsibility to stakeholders. The purpose of this study was to examine the effect of ownership structure, firm age, effectiveness of the audit committee and independent board of commissioners on fraudulent financial statements with auditor reputation as a moderating variable. The population of this study are all construction and building sub-sector companies listed on the Indonesia Stock Exchange during the 2018-2020 period. Sampling used the purposive sampling method which resulted in 13 samples of registered construction and building sub-sector companies. Empirical evidence shows that ownership structure has a significant positive effect on fraudulent financial statements, firm age variable has a significant negative effect on fraudulent financial statements and audit committee effectiveness variables and independent board of commissioners variables have no effect on fraudulent financial statements. The reputation of the auditor strengthens the influence of the variable ownership structure and the independent board of commissioners on the fraudulent financial statement, but cannot strengthen the influence of the variable age of the company and the effectiveness of the audit committee on the fraudulent financial statement.*
KEY WORD*: Fraudulent Financial Statement, Good Corporate Governance, Ownership Structure, Company Age, Audit Committee Effectiveness, Independent Board of Commissioners and Auditor Reputation*

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I. INTRODUCTION AND LITERATURE REVIEW

The Association of Certified Fraud Examiners (2020) in the Report to The Nations 2020 Global Study on Occupational Fraud and Abuse, the Association of Certified Fraud Examiners (2020) reports research results that there have been 2,504 cases of fraud during the period January 2018 to September 2019 out of 125 countries in 23 Industry categories with total losses of more than $3.6 billion. Asia Pacific occupies the third position in the number of cases of occupational fraud by 10% or as many as 198 cases. In 198 cases that occurred in the Asia Pacific Region, the median loss was $195,000, with Indonesia being the highest country with 36 cases of occupational fraud.

In the Report to The Nations 2020 Global Study on Occupational Fraud and Abuse, the Association of Certified Fraud Examiners (2020) reports that the construction industry is the industry with the highest percentage of fraud cases found for this type of fraudulent financial statement scheme, which is 25% of the total 77 fraud cases. in the construction sector. Furthermore, Kenny and Warburton (2021) in their report Paying Bribes in Indonesia: A survey of Business Corruption stated that the construction sector is one of the sectors most vulnerable to corruption in Indonesia, where the construction sector is also said to manipulate financial reports more than other sectors. which is worth 16.8%.

The Association of Certified Fraud Examiners (2020) defines occupational fraud as the use of one's position to enrich oneself through intentional abuse or misuse of organizational resources or assets. There are three types of occupational fraud, namely corruption, asset misappropriation and financial statement fraud. Of the three main types of fraud that occur in the work environment (occupational fraud), the Association of Certified Fraud Examiners (2020) in the Report to The Nations 2020 Global Study on Occupational Fraud and Abuse stated that asset misappropriation was the highest category with 86% followed by corruption as much as

43%. and financial statement fraud by 10%. However, although financial statement fraud occupies the lowest position in the percentage of types of fraud cases that occur, the median loss generated is at the highest position of $954,000 where corruption is only $200,000 and asset misappropriation is $100,000.

Financial statement fraud is a deliberate mistake, obscuring material facts or accounting data that can affect decision making for readers after considering the incorrect facts that have been presented (Tjahjono et al., 2013).

The weakness of the company's corporate system is one of the causes of fraudulent financial statements. Therefore, the method that can be used is the application of good corporate governance. Wicaksono and Chariri (2015) say that poor corporate governance can lead to fraud, while good corporate governance can contribute to fraud prevention efforts in financial reporting.

Good corporate governance is an internal factor that can influence the occurrence of fraudulent financial statements. In addition to internal factors, there are also external factors that can influence the occurrence of fraudulent financial statements. Therefore, the researcher added one external factor as a moderating variable, namely the reputation of the auditor. As a moderating variable, the reputation of the auditor is considered to strengthen the influence of the good corporate governance component in realizing the principle of transparency, thereby reducing the potential for fraudulent financial statements.

Agency Theory

Agency theory is the theory that underlies the concept of good corporate governance. Jensen and Meckling (1976) explain agency relationship is a contract in which one or more people involve another person (agent) to perform some tasks and delegate authority for decision making. Kusumawardani et al., (2021) describe agency theory as a condition that reflects an imbalance in data acquisition between information providers as managers and stakeholders as users.

Agency theory suspects that if the information possessed by the agent is greater than that of the principal, and both parties in the relationship are utility maximizing, then there is a possibility that the agent will not always act in the best interests of the company which will lead to agency problems. Agency problems occur because of information asymmetry where there is an imbalance of information between the management (agent) as the information provider and the owner (principal) as the information user. Maulana et al., (2020) revealed that information asymmetry is caused by management routines in managing the company's operations, while the owner only knows information through the company's financial statements.

Good Corporate Governance

Good corporate governance according to the Forum for Corporate Governance in Indonesia (2011) is a structure, system and process used by corporate organs as a form of effort to provide added value to the company in a sustainable manner in the long term while paying attention to the interests of other stakeholders in accordance with norms, ethics, culture and applicable rules.

Ownership Structure

According to Jensen and Meckling (1976), the ownership structure is the various patterns and forms of ownership contained in a company or the percentage of share ownership owned by internal shareholders and external shareholders.

In this study, ownership structure is proxied by foreign ownership. Foreign ownership is a form of proportion of company shares in general which are owned by individuals, governments, legal entities, as well as agencies or other parts with foreign status, or individuals, legal entities, governments who are not from Indonesia (Wiranata and Nugrahanti, 2013).

Company Age

Jeva and Ratnadi (2015) explain that the age of the company is one of the company's attributes that reflects how long the company's ability can last to overcome challenges and difficulties that can threaten the company's life and be able to see the opportunities that exist to develop its business.

Audit Committee Effectiveness

According to the Decree of the Chairman of BAPEPAM Kep-29/PM/2004 concerning the Establishment and Guidelines for the Work Implementation of the Audit Committee, the audit committee is a committee formed by the board of commissioners in order to assist in carrying out its duties and functions. Although the board of directors and the board of commissioners are responsible for the implementation of corporate governance, the audit committee is also responsible for exercising independent oversight of the corporate governance process, including the financial reporting process and external audit.

Decision of the Chairman of BAPEPAM Kep-29/PM/2004 concerning the Establishment and Guidelines for the Work Implementation of the Audit Committee requires the audit committee to consist of at least three people, chaired by an independent board of commissioners of the company with two external people who are independent and have expertise in accounting and finance. In addition, BAPEPAM also urges that the audit committee meet at least 4 (four) times a year or quarterly. The frequency of meetings of the audit committee must be included in the Annual Report in accordance with the Decree of the Chairperson of BAPEPAM and Financial Institutions No. Kep-134/BL/2006 concerning the Obligation to Submit Annual Reports for Issuers or Public Companies so that the obligation of the audit committee to hold meetings in a year is not an obligation. can be contested.

Independent Board of Commissioners

According to the Decree of the Chairman of BAPEPAM Kep-29/PM/2004 concerning the Establishment and Guidelines for the Work Implementation of the Audit Committee, an independent board of commissioners is a member of the board of commissioners who comes from outside the issuer or public company that has no affiliation with the issuer or public company, commissioners, directors or shareholders. main shares and do not own shares either directly or indirectly in the issuer.

Auditor Reputation

According to Putri et al., (2014) auditor reputation is an achievement and public trust carried by the auditor on behalf of the auditor's big name where the auditor is responsible for providing quality and useful information for users of financial statements in making decisions. Kristian (2018) explains that big-4 KAP has a good reputation in the eyes of the public because it is believed to provide high audit performance where the advantages of big-4 KAP can help its auditors in carrying out a better audit process in accordance with SPAP (Professional Standards of Public Accountants) so that auditors are better able to detect and report violations in the client's financial statements to ensure the conformity of financial statements with SAK (Financial Accounting Standards).

Relationship Between Variables

Effect of Ownership Structure on Fraudulent Financial Statements

The ownership structure can reduce conflicts between owners and management because they are believed to be able to control, supervise and monitor management so that it will reduce the potential for fraudulent financial statements. The ownership structure in this study uses a foreign ownership proxy. The existence of foreign ownership reflects the wider scope of the company. However, companies whose shares are mostly owned by foreigners usually face the problem of information asymmetry more often due to geographic and language barriers so that they are less influential in management and monitoring. Therefore, the higher the ownership structure, the greater the potential for fraudulent financial statements.

This is in line with Prasetyo's research (2014) which explains that ownership structure has a positive effect on fraudulent financial statements. Furthermore, Febrianto's (2014) research shows that the ownership structure as proxied by foreign ownership has a positive effect on earnings management. Research by Paramitha and Firnanti (2018) also shows that there is an ownership structure that has a positive effect on earnings management. However, this is not in line with the research by Syamsudin et al., (2017) which explains that ownership structure has a negative effect on fraudulent financial statements. Thus it can be concluded that:
H_1 : Ownership structure has a positive effect on the occurrence of fraudulent financial statements

The Effect of Company Age on Fraudulent Financial Statements

In terms of trust, companies that have been around for a long time will be more trusted by investors because they are considered to have better experience in managing the company and are considered to be better at generating profits with a lower level of risk. However, to be able to attract investors to want to place their funds in a newly established company, the company must try as much as possible to convince investors by showing good performance in managing its operations, so the possibility that the company will commit fraudulent financial statements will be even greater.

This is in line with Toit's (2008) research which found that companies that commit fraudulent financial reporting are younger companies. Furthermore, research by Ramadhani and Lukviarman (2009) also proves that companies under 30 years of age have a greater probability of going bankrupt compared to companies over 30 years of age, where this situation will encourage companies to commit fraudulent financial reporting. Hartono et al.'s research (2020) shows that companies at the stage of the introduction cycle carry out earnings management to attract investors' attention and give a positive signal about the company's chances of success in the future. However, this is not in line with Agustia and Suryani's research (2018) which explains that company age has a positive effect on earnings management. Thus it can be concluded that:

H_2 : Company age has a negative effect on the occurrence of fraudulent financial statements

The Effect of the Effectiveness of the Audit Committee on the Fraudulent Financial Statement

The number of meetings in principle represents the quality and effectiveness of the monitoring carried out by the audit committee. Therefore, the more often the audit committee meets, the better the communication that exists between members of the audit committee in carrying out their supervisory functions so that the quality of the company's financial statements will be better. This shows that the higher the intensity of the meetings conducted by the audit committee, the less likely the company will commit fraudulent financial statements.

This is in line with the research of Widodo and Syafruddin (2017), Wicaksono and Chariri (2015), Razali and Arshad (2014), Kusumawati and Hermawan (2013) and Indrati et al., (2021) which explain that the audit committee has a negative effect on fraudulent financial statements. Thus it can be concluded that:

H_3 : The effectiveness of the audit committee has a negative effect on the occurrence of fraudulent financial statements

Influence of Independent Board of Commissioners on Fraudulent Financial Statement

The board of commissioners is responsible for supervising and providing advice and input to the board of directors on the management of the company that has been carried out (Ismiyanti and Prastichia, 2015). Gunawan and Situmorang (2016) explain that an independent board of commissioners can encourage managers not to act according to their own interests and prioritize the interests of shareholders so that it will reduce the occurrence of earnings management in order to create good corporate governance. With the existence of an independent board of commissioners, the transparency of financial reports will be guaranteed, so that shareholders will get quality information. This indicates that the greater the proportion of the number of independent commissioners, the smaller the possibility of fraudulent financial reporting.

This is in line with research conducted by Sari and Husadha (2020), Rukmana (2018) which shows that the independent board of commissioners has a significant negative effect on the possibility of fraudulent financial statements. Research by Gunawan and Situmorang (2016), Karina and Sutarti (2021) and Putri, (2020) also shows that independent commissioners have a significant negative effect on earnings management. Thus it can be concluded that:

H_4 : The independent board of commissioners has a negative effect on the occurrence of fraudulent financial statements

Moderating Effect of Auditor's Reputation on the Relationship Between Ownership Structure and Fraudulent Financial Statements

External auditors play a role in realizing the principle of transparency in good corporate governance. The external auditor is one of the structural functions that carry out supervision of the company's internal control, especially in the validation of the financial statements presented by the company. Therefore, audit quality is an important thing that must be considered. High audit quality is usually reflected in a good auditor reputation. With good audit quality, the potential for fraudulent financial statements will be smaller.

So far, the assessment of the auditor's reputation is based on the affiliation relationship of the KAP in Indonesia with the KAP which is in the big-4 category. This is in line with research conducted by Widodo and Syafruddin (2017) which explains that the existence of big-4 KAPs has a significant positive effect in reducing fraudulent financial statements. Sari and Husadha's research (2020) also shows that KAP big-4 has a significant effect on indications of fraud in financial reporting. Furthermore, Sofa and Solichah's research (2019) shows that the quality of auditors proxied by KAP big-4 has a significant negative effect on the occurrence of fraudulent financial statements.

In general, these fundamental factors are used by foreign investors in making decisions to increase or decrease capital deposits in companies where this can help the limitations that foreign investors have against the high risk of cross-border investment they face to improve control and monitor the company through quality audit reports. generated so as to reduce the potential for fraudulent financial statements. Thus it can be concluded that:

H_5 : Auditor reputation strengthens the influence of ownership structure on fraudulent financial statements

Moderation Effect of Auditor Reputation on the Relationship Between Company Age and Fraudulent Financial Statements

Generally, companies that have been around for a long time have had many branches or new businesses, not only in some areas but also overseas. The large scale of the operation shows that there are many audits that must be reviewed by the auditor as well as various transactions with a high level of complexity so as to prolong the audit process. This of course requires high quality and experience possessed by external auditors.

High audit quality is usually reflected in a good auditor reputation. An external auditor with a high reputation will certainly show high professionalism in producing quality audit reporting even though it is demanded by work with high pressure and complexity. This shows that the reputation of the auditor plays a role in reducing the potential for fraudulent financial statements with the quality of the audit reports produced.

This is in line with the research of Widodo and Syafruddin (2017) which explains that the existence of big-4 KAPs has a significant positive effect in reducing fraudulent financial reporting. Sari and Husadha's research (2020) also shows that KAP big-4 has a significant effect on indications of fraud in financial reporting. Furthermore, Sofa and Sholichah's research (2019) shows that the quality of auditors proxied by KAP big-4 has a significant negative effect on the occurrence of fraudulent financial statements. Thus it can be concluded that:
H_6 : Auditor reputation strengthens the influence of company age on fraudulent financial statements

Moderation Effect of Auditor Reputation on the Relationship Between Audit Committee Effectiveness and Fraudulent Financial Statements

In carrying out its work to oversee the process of financial reporting within the company, the audit committee must also frequently engage with external auditors where periodic meetings must be held between the two parties related to financial audit reporting. As part of the external monitoring function, a qualified auditor will assist in the task of supervising the financial statements carried out by the audit committee. Auditors who are qualified and have a good understanding as well as experience and high flying hours will assist the audit committee in conducting and improving the quality of supervision and control over financial statements. The audit committee can be more effective in solving problems related to financial reporting if it is supported by an auditor with a high reputation because the auditor has a better understanding and has good communication skills with management and with the audit committee so that the possibility of fraudulent financial statements will be smaller.

This is in line with the research of Widodo and Syafruddin (2017) which explains that the existence of big-4 KAPs has a significant positive effect in reducing fraudulent financial reporting. Sari and Husadha's research (2020) also shows that KAP big-4 has a significant effect on indications of fraud in financial reporting. Furthermore, Sofa and Sholichah's research (2019) shows that the quality of auditors proxied by KAP big-4 has a significant negative effect on the occurrence of fraudulent financial statements. Thus it can be concluded that:
H_7 : Auditor reputation strengthens the effect of the effectiveness of the audit committee on fraudulent financial statements

Moderation Effect of Auditor's Reputation on the Relationship between the Independent Board of Commissioners and Fraudulent Financial Statements

The Board of Commissioners as an organ of the company collectively has the duty and responsibility to supervise and provide advice to the board of directors as well as to ensure that the company implements good corporate governance. The independent board of commissioners is an important organ in the corporate structure that is responsible for one of the reasons for improving control over financial statements so as to minimize the occurrence of fraudulent financial statements.

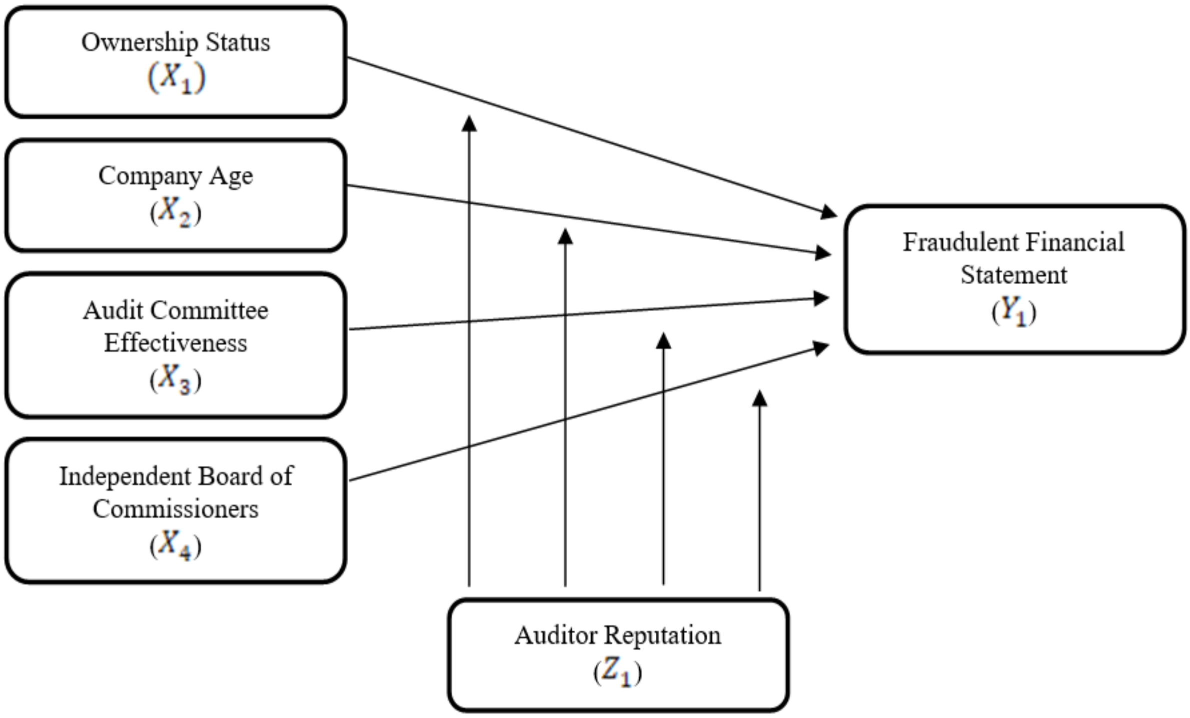
Widodo and Syafruddin (2017) explain that the existence of big-4 KAPs has a significant positive influence in reducing fraudulent financial reporting. Sari and Husadha's research (2020) also shows that KAP big-4 has a significant effect on indications of fraud in financial reporting. Furthermore, Sofa and Sholichah's research (2019) shows that the quality of auditors proxied by KAP big-4 has a significant negative effect on the occurrence of fraudulent financial statements.

This indicates that companies that use KAP big-4 as their audit services will strengthen the supervisory function of the independent board of commissioners in increasing control over financial statements, thereby reducing the probability of fraudulent financial statements. Thus it can be concluded that:
H_8 : The reputation of the auditor strengthens the influence of the independent board of commissioners on fraudulent financial statements

Conceptual Model

The following conceptual model is made based on the relationship between variables according to the causative model as shown in Figure 1 below:

Figure 1: Conceptual Model



Source: Processed data, 2022

1.2 Research Objectives

The object of research is the construction and building sub-sector companies listed on the Indonesia Stock Exchange for 3 (three) years, namely from 2018 to 2020. The type of research used in this study is causality with a quantitative approach. While the source of data used in this study is secondary data obtained from the Indonesia Stock Exchange. The data in this study were collected by means of documentation from various sources.

Construction and building sub-sector companies are companies that carry out design and construction services for both civil buildings such as roads, bridges, tunnels, water regulators, airports, ports, train stations, construction of houses and buildings such as office buildings, shopping, apartments, hospitals. on the basis of remuneration by not getting sales and rental income.

The list of construction and building sub-sector companies listed on the Indonesia Stock Exchange can be seen in table I. below:

Table I: List of Construction and Building Sub-Sector Companies Listed on the IDX

No	Issuer Name	Issuer Code	Initial Public Offering Date (IPO)
1	PT. ACST Indonusa, Tbk	ACST	24 June 2013
2	PT. Adhi Karya (Persero), Tbk	ADHI	18 March 2004
3	PT. Cahayasakti Investindo Sukses, Tbk	CSIS	10 May 2017
4	PT. Nusa Konstruksi Enjiniring, Tbk	DGIK	19 December 2007
5	PT. Indonesia Pondasi Raya, Tbk	IDPR	10 December 2015
6	PT. Mitra Pemuda, Tbk	MTRA	10 February 2016
7	PT. Nusa Raya Cipta, Tbk	NRCA	27 June 2013
8	PT. Paramita Bangun Saran, Tbk	PBSA	28 September 2016
9	PT. Pelita Samudera Shipping, Tbk	PSSI	05 December 2017
10	PT. Pembangunan Perumahan (Persero), Tbk	PTPP	09 February 2010
11	PT. Superkrane Mitra Utama, Tbk	SKRN	11 October 2018
12	PT. Surya Semesta Internusa, Tbk	SSIA	27 March 1997
13	PT. Lancartama Sejati, Tbk	TAMA	10 February 2020
14	PT. Totalindo Eka Persada, Tbk	TOPS	16 June 2017
15	PT. Total Bangun Persada, Tbk	TOTL	25 July 2006
16	PT. Wijaya Karya Bangunan Gedung, Tbk	WEGE	30 November 2017
17	PT. Wijaya Karya (Persero), Tbk	WIKA	29 October 2007
18	PT. Waskita Karya (Persero), Tbk	WSKT	19 December 2012

Source: Data primer, 2022

1.3 Research Methodology and Data Analysis

Population and Sample

The population used in this study is the construction and building sub-sector companies listed on the Indonesia Stock Exchange from 2018 to 2020, totaling 18 companies. In determining the sampling, the researcher uses a non-probability sampling technique which does not provide an opportunity or opportunity for each member of the population to be sampled and one of the non-probability sampling techniques is purposive sampling with a specified sample of 13 companies.

Table II: Sampling Criteria

No.	Sample Criteria	Number of Companies
1.	Construction and building sub-sector companies listed successively on the Indonesia Stock Exchange during 2018 to 2020.	18
2.	Construction and building sub-sector companies that do not have complete data regarding the annual report from 2018 to 2020.	(3)
3.	Construction sub-sector companies that do not have complete data regarding the variables studied from 2018 to 2020.	(2)
Number of samples that meet the criteria		13
Observation period		3 Year
Amount of data		39

Source: Processed data, 2022

Data Analysis Method

The data analysis technique in this study used multiple linear regression analysis models. The multiple linear regression analysis equation model in this study is as follows:

$$FFS= \beta_0+ \beta_1 SK+\beta_2 UP+ \beta_3 EKA+ \beta_4 DKI+\beta_5 SK^{*}RA+\beta_6 UP^{*}RA+\beta_7 EKA^{*}RA+\beta_8 DKI^{*}RA+\varepsilon$$

Information:

β_0	: constant
$\beta_1 - \beta_8$	: Regression coefficient of each proxy
FFS	: Fraudulent Financial Statement
SK	: Ownership Structure
UP	: Company Age
EKA	: Audit Committee Effectiveness
DKI	: Independent Board of Commissioners
RA	: Auditor Reputation
ε	: Error

Measurement of Variables

The summary measurements of each research variable are summarized in table 3. as follows:

Table III: Research Variables

Variables	Calcculation method	Authors
Dependent Variable		
Fraudulent financial statement This variable is measured using 8 (eight) financial ratios to identify whether the company has indications to manipulate earnings in financial statements (Beneish, 1999). If the beneficial m-score is greater than -2.22, then it is categorized as a company that commits fraudulent financial statements (fraudulent financial statement), while if the score is less than -2.22, it is categorized as a company that does not commit fraudulent financial statements.		
Days Sales in Receivable Index (DSRI)	$DSRI=\frac{\text{Accounts receivable}_{(t)}/\text{Sale}_{(t)}}{\text{Accounts receivable}_{(t-1)}/\text{Sale}_{(t-1)}}$	(Priswita and Taqwa, 2019)
Gross Margin Index (GMI)	$GMI=\frac{\text{Gross profit}_{(t-1)}/\text{Sale}_{(t-1)}}{\text{Gross profit}_{(t)}/\text{Sale}_{(t)}}$	
Asset Quality Index (AQI)	$QI=\frac{1-\frac{\text{Current asset}_{(t)}+\text{Fixed assets}_{(t)}}{\text{Total assets}_{(t)}}}{1-\frac{\text{Current asset}_{(t-1)}+\text{Fixed assets}_{(t-1)}}{\text{Total assets}_{(t-1)}}}$	
Sales Growth Index (SGI)	$SGI=\frac{\text{Sale}_{(t)}}{\text{Sale}_{(t-1)}}$	

Depreciation Index (DEPI)	$DEPI=\frac{\frac{depreciation_{(t-1)}}{depreciation_{(t-1)}+Fixed\ assets_{(t-1)}}}{\frac{Depresiasi_{(t)}}{depreciation_{(t)}+Fixed\ assets_{(t)}}}$	
Sales General and Administrative Expenses Index (SGAI)	$SGAI=\frac{\frac{SGAI_{(t)}}{Sale_{(t)}}}{\frac{SGAI_{(t-1)}}{Sale_{(t-1)}}}$	
Leverage Index (LVGI)	$LVGI=\frac{\frac{Total\ liability_{(t)}}{Total\ assets_{(t)}}}{\frac{Total\ liability_{(t-1)}}{Total\ assets_{(t-1)}}}$	
Total Accruals to Total Assets (TATA)	$TATA=\frac{Operating\ profit_{(t)}-Cash\ flow\ from\ operating\ activities_{(t)}}{Total\ assets_{(t)}}$	
After calculating the eight ratios, then they are formulated into the beneish m-score formula, namely:		
M-score= -4,84+0,920DSRI+0,528GMI+0,404AQI+0,892SGI+0,115DEPI-0,172SGAI-0,327LVGI+4,697TATA		
Independent Variable		
The independent variable in this study is good corporate governance which consists of ownership structure, age of the company, effectiveness of the audit committee and independent board of commissioners.		
Ownership Structure	$Ownership\ Structure=\frac{Amount\ of\ foreign\ party\ shares}{Total\ shares\ outstanding} \times 100\%$	(Wiranata and Nugrahanti, 2013)
Company Age	Company Age=Year of research- The year the company was founded	(Agustia and Suryani, 2018)
Audit Committee Effectiveness	Audit Committee Effectiveness=Number of audit committee meetings in a year	(Priswita and Taqwa, 2019)
Independent Board of Commissioners	$Independent\ Board\ of\ Commissioners=\frac{Number\ of\ independent\ commissioners}{Number\ of\ company\ commissioners} \times 100\%$	(Ismiyanti and Prastichia, 2015)
Moderation Variable		
The moderating variable in this study is the auditor's reputation. Auditor reputation variable in this study was measured using a dummy variable, namely by giving code 1 for companies audited by big-4 KAP and code 0 for companies audited by non-big-4 KAPs.		

Source: Processed data, 2022

Descriptive Statistical Analysis

The data used in this study is panel data, which is a combination of cross section data consisting of 39 (thirty nine) samples of companies in the construction and building sub-sector and complete company time series data from 2018 to 2020. The results of the analysis descriptive statistics of the research are presented in table IV. below:

Table IV: Descriptive Statistical Analysis

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Fraudulent Financial Statement	39	-6,633	,363	-2,55107	1,174632
Ownership Structure	39	1,690	43,410	12,05051	10,222149
Company Age	39	10,000	67,000	40,46154	18,450283
Audit Committee Effectiveness	39	4,000	35,000	10,79487	8,364019
Independent Board of Commissioners	39	25,000	60,000	38,99179	8,401775
Auditor's reputation	39	,000	1,000	,15385	,365518

Source: SPSS V.25, 2022

Based on table IV. above, it can be seen that the **Fraudulent Financial Statement variable** has an average value of -2.55107, meaning that most of the sample companies are not identified as committing fraudulent financial statements. Furthermore, the standard deviation value of 1.174632 which is above the mean value, it can be said that the data distribution is wide, which means that most of the financial condition data in the sample of companies are heterogeneous.

The Ownership Structure variable has an average value of 12,05051, meaning that most of the sample companies have a relatively small percentage of foreign ownership structure. As for the standard deviation value of 10.222149 which is below the mean value, it can be said that the data distribution is narrow, which means that most of the percentages of foreign ownership structure in the sample of companies are uniform (homogeneous).

The variable age of the company has an average value of 40,46154, meaning that most of the sample companies are able to maintain their existence in the business world in the long term. As for the standard deviation value of 18.450283, which is below the mean value, it can be said that the data distribution is narrow, which means that most of the company's age in the sample of companies is uniform (homogeneous).

The Audit Committee Effectiveness variable has an average value of 10,79487, meaning that most of the sample companies tend to be active in conducting supervision through audit committee meetings in one accounting period. As for the standard deviation value of 8.364019 which is below the mean value, it can be said that the data distribution is narrow, which means that most of the meetings conducted on the sample of companies are uniform (homogeneous). However, when viewed from the minimum value of 4, it means that there are still samples of companies that are less active in conducting supervision through audit committee meetings.

The Independent Board of Commissioners variable has an average value of 38.99179, meaning that most of the sample companies meet the regulatory provisions regarding the composition of the independent board of commissioners in a public company, which is 30%. Furthermore, if it is seen from the standard deviation value of 8.401775 which is below the mean value, it can be said that the data distribution is narrow, which means that most of the compositions of the independent commissioners in the sample of companies are uniform (homogeneous). However, when viewed from the minimum value of 25%, it means that there are still samples of companies that have not met the regulatory provisions.

Auditor Reputation variable has an average value of 0.15385, meaning that most of the sample companies are not audited by KAP big-4 with a standard deviation value above the mean value of 0.365518 indicating that the data distribution is wide, which means the data is heterogeneous.

Classic assumption test

Classical assumption testing is used to ensure that this regression model is not biased so that the results of the estimates or predictions can be trusted. The regression equation used consisted of normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

Normality test

The normality test in this study uses the One-Sample Kolmogorov-Smirnov Test which is presented in table V. below:

Table V: Normality Test Results Using One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		39
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,66805176
Most Extreme Differences	Absolute	,104
	Positive	,100
	Negative	-,104
Test Statistic		,104
Asymp. Sig. (2-tailed)		,200[c,d]

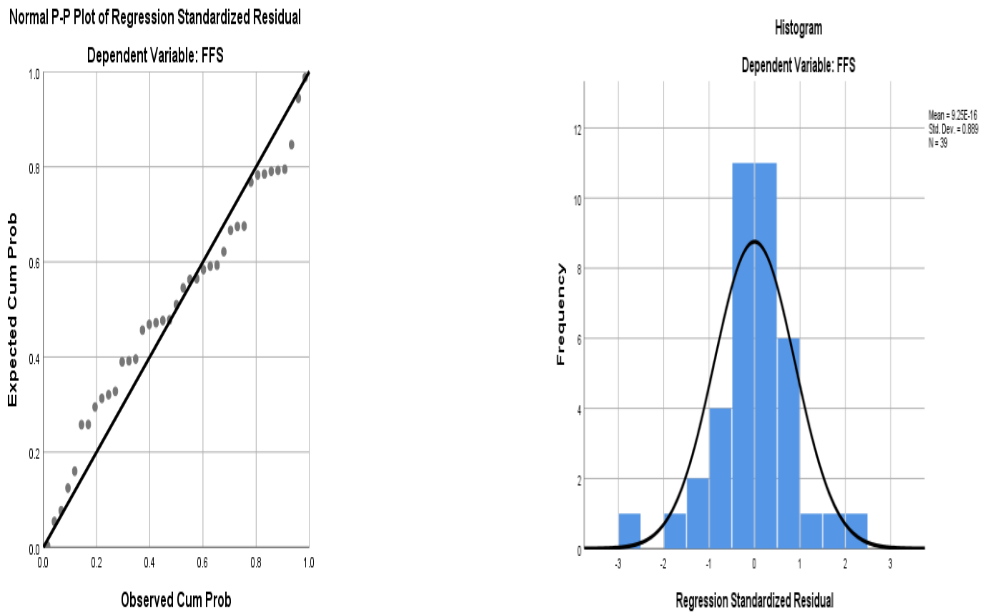
Source: SPSS V.25, 2022

Based on table V. it can be seen that the results of the normality test show the Asymp value. Sig (2-tailed) above 0.05, which has a significance value of 0.200. This indicates that the data in this study are normally distributed.

Furthermore, the normality test in this study was also carried out by analysis of the Normal P-Plot Graph, namely by looking at the spread of data (points) on the diagonal axis of the normal graph.

The following are the results of the normality test with Normal P-Plot and Histogram:

Figure 2: Normal P-Pot and Histogram



Source: SPSS V.25, 2022

Based on the results of the normality test in Figure 2. above, it can be seen that the dots spread around the diagonal line and their distribution follows the direction of the diagonal line, it can be concluded that the fraudulent financial statement regression model is feasible because it meets the normality assumption.

Multicollinearity Test

The multicollinearity test in this study uses the partial correlations presented in tables VI. and VII. below:

Table VI: R^2 . Test Results

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	,823[a]	,677	,590	,751867

Source: SPSS V.25, 2022

Table VII: Partial Correlation Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	-,268	1,030		-,260	,796			
	SK	,081	,032	,709	2,561	,016	-,011	,424	,266
	UP	-,028	,011	-,432	-2,609	,014	,097	-,430	-,271
	EKA	-,010	,017	-,073	-,597	,555	,004	-,108	-,062
	DKI	-,035	,019	-,253	-1,867	,072	-,070	-,323	-,194
	SK*RA	,021	,048	,216	,441	,663	-,219	,080	,046
	UP*RA	,674	,244	4,021	2,767	,010	-,591	,451	,287
	EKA*RA	-,580	,554	-,981	-1,048	,303	-,534	-,188	-,109
	DKI*RA	-,444	,130	-4,454	-3,428	,002	-,586	-,530	-,356

Source: SPSS V.25, 2022

Table VI. shows the R^2 value of 0.677. If the value of R^2 > partial correlation, it indicates that there is no multicollinearity. The partial correlation value of each variable can be seen in table VII. is SK with a value of 0.424, UP with a value of -0.430, EKA with a value of -0.108, DKI with a value of -0.323, SK*RA with a value of 0.080, UP*RA with a value of 0.451, EKA*RA with a value of -0.188 and DKI*RA with a value of -0.530. These values are smaller than R^2 with a value of 0.677, meaning that R^2 > partial correlation, so that in the regression model there is no multicollinearity problem.

Autocorrelation Test

The autocorrelation test in this study used the Durbin-Watson test which is presented in table 8. below:

Table VIII: Durbin-Watson Autocorrelation Test Results

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Durbin-Watson
1	,823[a]	,677	,590	,751867	2,510

Source: SPSS V.25, 2022

Based on table VIII. above, it can be seen that the Durbin-Watson value is 2.510. This value will be compared with the table value of Durbin-Watson d Statistics: Significance Point for dl and du at 0.05 Level of Significance with 39 (thirty nine) samples and 8 (eight) independent variables. Then the Durbin-Watson table shows the values of dl = 1.0469 and du = 2.0069. If you look at the basis for making decisions, then the test results fall into 4-du = 1.9931 < d = 2.510 < 4-dl = 2.9531. This shows that no conclusions can be drawn or there is no definite decision result from the Durbin-Watson test results.

To further confirm whether or not there is autocorrelation in the regression model, then a Run Test is carried out. Run Test is used to test whether there is a high correlation between residuals or not. If there is no correlation between the residuals, it can be said that the residuals are random or random. The hypothesis of the Run Test is as follows:

Table IX: Runs Test Results

	Unstandardized Residual
Test Value[a]	,01932
Cases < Test Value	19
Cases >= Test Value	20
Total Cases	39
Number of Runs	18
Z	-,645
Asymp. Sig. (2-tailed)	,519

Notes:
H_0: Sig value > 0.05, then the residual is random or random
H_a : Sig value < 0.05, then the residual is not random

Source: SPSS V.25, 2022

From table IX. above shows that the value of Asymp. Sig (2-tailed) is worth 0.519 > Sig 0.05, which means that the residuals are random or random so that there is no autocorrelation in the regression model.

Heteroscedasticity Test

Heteroscedasticity testing was carried out using the Glejser test, namely by performing a regression analysis using the residual value as the dependent variable obtained from the usual regression analysis. The results of the heteroscedasticity test are presented in table X below:

Table X: Heteroscedasticity test results using the glejser test

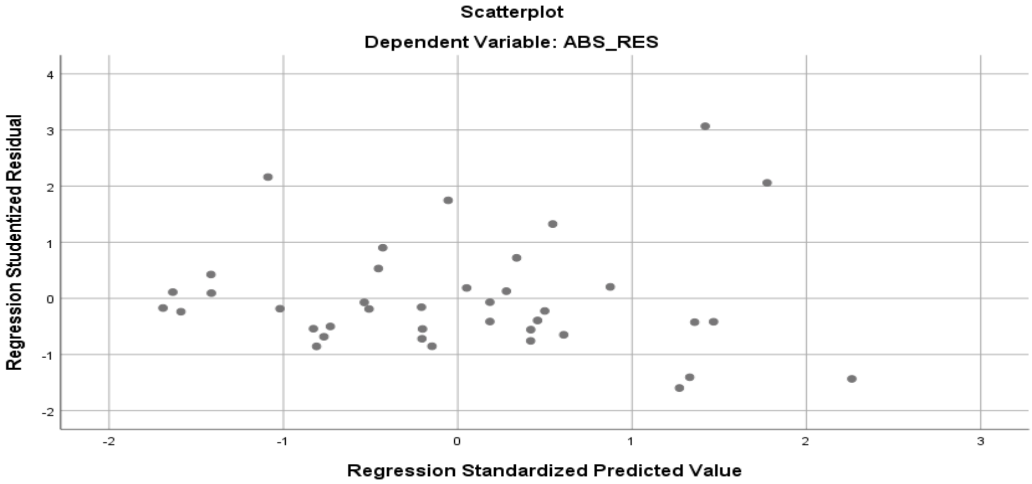
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,751	,627		2,790	,009
	SK	-,013	,019	-,287	-,668	,509
	UP	-,003	,006	-,135	-,525	,603
	EKA	-,016	,010	-,284	-1,498	,145
	DKI	-,020	,012	-,371	-1,761	,088
	SK*RA	-,015	,029	-,398	-,522	,606
	UP*RA	-,058	,148	-,877	-,388	,700
	EKA*RA	-,019	,337	-,082	-,056	,955
	DKI*RA	,046	,079	1,188	,588	,561

Source: SPSS V.25, 2022

Based on the test results in table X. all variables indicate that the test results in a regression model occur unequal variance from one residual to another residual. The results above show that the SK variable has a sig value of 0.509, UP with a sig value of 0.603, EKA with a sig value of 0.145, DKI with a sig value of 0.088, SK*RA with a sig value of 0.606, UP*RA with a sig value of 0.700, EKA*RA with a sig value 0.855 and DKI*RA with a sig value of 0.561 where all variables have a sig value > 0.05, which means that there is no heteroscedasticity problem.

Heteroscedasticity test can also be seen based on the scatterplot graph. Based on the graph, the points or plots of data spread above and below the number 0 on the Y axis, it can be interpreted that there is no heteroscedasticity.

Figure 3: Heteroscedasticity Test Results With Scatterplot



Source: SPSS V.25, 2022

Hypothesis test

Hypothesis testing is done by looking at the significance value of each relationship. The level of significance (α) that is set is 5%, which means that the tolerable error tolerance limit is 5%. In other words, the level of confidence from testing this hypothesis is 95%. If the p value <0.05, it can be said that the independent variable has a significant relationship with the dependent variable. The following is attached a resume of the results of hypothesis testing consisting of the coefficient of determination test (R^2), simultaneous effect test (F-Test) and partial test (T-Test):

Coefficient of Determination Test (R^2)

The results of the coefficient of determination test in this study are presented in table XI. below:

Table XI: Coefficient of Determination Test Results (R^2)

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	,823[a]	,677	,590	,751867

Source: SPSS V.25, 2022

Based on table XI. above, it can be seen that the value of adjusted "R" ^"2" is 0.677 which can define the purpose of the coefficient of determination, namely to determine the magnitude of the influence of the independent variable on the dependent variable. The result of the coefficient of determination is 0.677, meaning that it can be said that Ownership Structure, Company Age, Effectiveness of the Audit Committee, Independent Board of Commissioners, Ownership Structure* Auditor Reputation, Company Age* Auditor Reputation, Effectiveness of Audit Committee* Auditor Reputation and Independent Board of Commissioners* Auditor reputation is capable affect fraudulent financial statements by 67.7% while the remaining 32.3% is influenced by other variables that are not the focus of this study.

Simultaneous Effect Test (F Test)

Simultaneous effect test (F test) was conducted to determine whether there was a joint effect of the independent variables on the dependent variable. There is a joint influence between independent variables if the value of F_{count} is greater than F_{table} and the significance is <0.05.

The results of the simultaneous influence test (Test F) are presented in table XII below:

Table XII: Simultaneous Test Results (F Uji test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35,472	8	4,434	7,844	,000[b]
	Residual	16,959	30	,565		
	Total	52,431	38			

Source: SPSS V.25, 2022

In table XII above, it can be seen that in the fraudulent financial statement model the amount is F_{hitung} 7,844 with significance level 0.000 < 0.05, then thus H_a the fraudulent financial statement model is accepted and H_0 the fraudulent financial statement model was rejected. That is, it can be concluded that there is a simultaneous effect of the variables of Ownership Structure, Company Age, Audit Committee Effectiveness, Independent Board of Commissioners, Ownership Structure* Auditor Reputation, Company Age* Auditor Reputation, Effectiveness of Audit Committee* Auditor Reputation and Independent Board of Commissioners* Auditor Reputation to the Fraudulent Financial Statement.

Partial Effect Test (T Test)

The results of the partial test (T test) are presented in table XIII below:

Table XIII: Partial Test Results (T Test)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,268	1,030		-,260	,796
	SK	,081	,032	,709	2,561	,016
	UP	-,028	,011	-,432	-2,609	,014
	EKA	-,010	,017	-,073	-,597	,555
	DKI	-,035	,019	-,253	-1,867	,072
	SK*RA	,021	,048	,216	,441	,663
	UP*RA	,674	,244	4,021	2,767	,010
	EKA*RA	-,580	,554	-,981	-1,048	,303
	DKI*RA	-,444	,130	-4,454	-3,428	,002

Source: SPSS V.25, 2022

1. The first hypothesis examines the effect of ownership structure on fraudulent financial statements. Based on table 5.10 above, it can be said that the ownership structure variable has a t_{count} of 2.561 and a significance level of 0.016 with a value of 0.016 < 0.05 and a beta coefficient of 0.081, it can be concluded that **H_1 is accepted** which means the ownership structure variable significant positive effect on fraudulent financial statements.
2. The second hypothesis examines the effect of firm age on fraudulent financial statements. Based on table 5.10 above, it can be said that the company age variable has a t_{count} of -2.069 and a significance level of 0.014 with a value of 0.014 <0.05 and a beta coefficient of -0.028, it can be concluded that **H_2 is accepted** which means the variable company age has a significant negative effect on fraudulent financial statements.
3. The third hypothesis examines the effect of the effectiveness of the audit committee on fraudulent financial statements. Based on table 5.10 above, it can be said that the audit committee effectiveness variable has a t_{count} of -0.597 and a significance level of 0.555 with a value of 0.555 > 0.05 and a beta coefficient of -0.010, it can be concluded that **H_3 is rejected** which means the effectiveness of the audit committee variable has no effect on the fraudulent financial statement.
4. The fourth hypothesis examines the effect of independent commissioners on fraudulent financial statements. Based on table 5.10 above, it can be said that the independent board of commissioners variable has a t_{count} of -1.867 and a significance level of 0.072 with a value of 0.072 > 0.05 and a beta coefficient of -0.035, it can be concluded that **H_4 is rejected** which means The independent board of commissioners variable has no effect on fraudulent financial statements.
5. The fifth hypothesis examines the auditor's reputation variable that can strengthen the positive influence of ownership structure on fraudulent financial statements. Based on table 5.10 above, it can be said that the variable ownership structure* auditor reputation has a t_{count} of 0.441 and a significance level of 0.663 with a value of 0.663 > 0.05 and a beta coefficient of 0.021, it can be concluded that **H_5 is rejected**, which means the variable auditor reputation cannot strengthen the positive influence of ownership structure on fraudulent financial statements.
6. The sixth hypothesis examines the auditor's reputation variable that can strengthen the negative effect of company age on fraudulent financial statements. Based on table 5.10 above, it can be said that the variable age of the company* auditor reputation has a t_{count} of 2.767 and a significance level of 0.010 with a value of 0.010 <0.05 and a beta coefficient of 0.674, it can be concluded that **H_6 is accepted** which means the variable auditor reputation can strengthen the positive influence of company age on fraudulent financial statements.
7. The seventh hypothesis examines the auditor's reputation variable that can strengthen the negative effect of audit committee effectiveness on fraudulent financial statements. Based on table 5.10 above, it can be said that the effectiveness variable of the audit committee*auditor reputation has a t_{count} of -1.048 and a significance level of 0.303 with a value of 0.303 > 0.05 and a beta coefficient of -0.580, it can be concluded

that **H_7 is rejected** which means that the auditor's reputation variable cannot strengthen the negative influence of the effectiveness of the audit committee on fraudulent financial statements.

8. The eighth hypothesis examines the independent board of commissioners variable that can strengthen the negative influence of the independent board of commissioners on fraudulent financial statements. Based on table 5.10 above, it can be said that the independent commissioner variable* auditor reputation has a t_{count} of -3.428 and a significance level of 0.002 with a value of 0.002 > 0.05 and a beta coefficient of -0.444, it can be concluded that H_8 is accepted. which means that the auditor's reputation variable can strengthen the negative influence of the independent board of commissioners on fraudulent financial statements.

Discussion

Effect of Ownership Structure on Fraudulent Financial Statements

Ownership structure has a significant positive effect on fraudulent financial statements, which means that the higher the ownership structure proxied by foreign ownership, the higher the fraudulent financial statement, and vice versa. This is in line with Prasetyo's research (2014) which explains that ownership structure has a positive effect on fraudulent financial statements. Furthermore, research by Febrianto (2014) and Paramitha and Firnanti (2018) shows that ownership structure has a positive effect on earnings management. This is due to the high level of information asymmetry due to geographical and linguistic differences as well as the high risks across other countries which will reduce the level of management and supervision so that the potential for fraudulent financial statements will be even greater.

The Effect of Company Age on Fraudulent Financial Statements

Company age has a significant negative effect on fraudulent financial statements, which means that the higher the age of the company, the lower the fraudulent financial statements, and vice versa. This is in line with Toit's (2008) research which found that companies that commit fraudulent financial reporting are younger companies. Furthermore, research by Ramadhani and Lukviarman (2009) also proves that companies under 30 years of age have a greater probability of going bankrupt compared to companies over 30 years of age, where this situation will encourage companies to commit fraudulent financial reporting. This indicates that a company that has been around for a long time is more trustworthy by investors because it is assumed that the company is able to generate maximum profit. An investor will need more consideration to invest in a newly established company because the company is assumed to have not been able to generate maximum profit. This will certainly encourage newly established companies to make fraudulent financial statements in order to attract investors to invest in the company.

The Effect of the Effectiveness of the Audit Committee on the Fraudulent Financial Statement

The effectiveness of the audit committee has no effect on fraudulent financial statements, which means that the number of meetings held by the audit committee during the year has not been able to overcome the problem of fraudulent financial statements. This is in line with the research of Priswita and Taqwa (2019), Uwuigbe et al., (2019) and Sari and Husadha (2020) which explain that the audit committee has no effect on fraudulent financial statements. Furthermore, research by Ogoun and Perelayefa (2019), Prasetyo (2014) and Ruchiatna et al., (2020) shows that the number of audit committee meetings has no effect on fraudulent financial statements. This indicates that the audit committee meeting frequently may not necessarily prevent or reduce fraudulent financial statements in the company because the results of the meeting will not be effective if there is no follow-up from the board of commissioners. But on the other hand, the audit committee meeting must continue as a form of audit committee responsibility, especially with regard to the preparation of anti-fraud plans or strategies in the future.

Influence of Independent Board of Commissioners on Fraudulent Financial Statement

The independent board of commissioners has no effect on fraudulent financial statements, which means that the proportion of the number of independent commissioners in one company has not been able to overcome the problem of fraudulent financial statements. This is in line with the research of Priswita and Taqwa (2019), Ismiyanti and Prastichia (2015), Indrati et al., (2021) and Wicaksono and Chariri (2015) which explain that independent commissioners have no effect on fraudulent financial statements. This indicates the possibility of adding an independent board of commissioners only to meet regulatory requirements, but its role is still very small. On the other hand, there is still an important role of the largest shareholders and founders of the company, so that the performance of independent commissioners may decline. Furthermore, independent boards of commissioners are not directly related to the companies they handle, so it can make it difficult to improve the quality of the supervisory function within the company.

Moderating Effect of Auditor's Reputation on the Relationship Between Ownership Structure and Fraudulent Financial Statements

The reputation of the auditor cannot moderate the relationship between ownership structure and fraudulent financial statements. Although in the previous hypothesis in this study, ownership structure has a positive effect on fraudulent financial statements, but if moderated by the auditor's reputation variable, it shows that there is no moderating effect of ownership structure on fraudulent financial statements. This indicates that the reputation of the auditor has not been able to help the limitations of foreign investors in managing and supervising the possibility of fraudulent financial statements. This can be due to follow-up and responsibility remains at the management level. When in this case the auditor's contribution in the form of early warning of the potential for fraud and improvements to the weaknesses of the internal control system as well as suggestions related to improving policies and procedures to prevent and detect fraud are not followed up, then the role of the external auditor becomes meaningless.

Moderation Effect of Auditor Reputation on the Relationship Between Company Age and Fraudulent Financial Statements

Auditor reputation moderates the relationship between firm age and fraudulent financial statements. This shows that in the previous hypothesis in this study, the age of the company has a negative effect on the fraudulent financial statement and if moderated by the auditor's reputation variable, it also shows that there is a moderating effect of the age of the company on the fraudulent financial statement. This indicates that the reputation of auditors proxied by KAPs affiliated with big-4 work very professionally resulting in better auditing and quality even though there are demands for larger jobs with a wider scale of company operations by companies that have been around for a long time. This of course will further reduce the potential for fraudulent financial statements.

Moderation Effect of Auditor Reputation on the Relationship Between Audit Committee Effectiveness and Fraudulent Financial Statements

The reputation of the auditor cannot moderate the relationship between the effectiveness of the audit committee and the fraudulent financial statement. This shows that although in the previous hypothesis in this study the effectiveness of the audit committee has no effect on the fraudulent financial statement and if moderated by the auditor's reputation variable, it also shows that there is no moderating effect of the effectiveness of the audit committee on the fraudulent financial statement. This indicates that the reputation of the auditor has not been able to assist the audit committee in supervising the possibility of fraudulent financial statements. This can be due to follow-up and responsibility remains at the management level. When in this case the auditor's contribution in the form of early warning of the potential for fraud and improvements to the weaknesses of the internal control system as well as suggestions related to improving policies and procedures to prevent and detect fraud are not followed up, the role of the external auditor and the audit committee becomes meaningless.

Moderation Effect of Auditor's Reputation on the Relationship between the Independent Board of Commissioners and Fraudulent Financial Statements

Auditor reputation moderates the relationship between independent commissioners and fraudulent financial statements. This shows that although in the previous hypothesis in this study, the independent board of commissioners had no effect on fraudulent financial statements, but if moderated by the auditor's reputation variable, it showed a moderating influence of the independent board of commissioners on fraudulent financial statements. This indicates that the reputation of the auditor with audit quality is able to strengthen the supervisory function of the independent board of commissioners as an important organ in the corporate structure in improving control over financial statements, thereby reducing the probability of fraudulent financial statements.

1.4 Findings and Interpretation

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. Ownership structure has a positive and significant effect on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the ownership structure with foreign ownership as a proxy can increase the occurrence of fraudulent financial statements.
2. Company age has a negative and significant effect on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the higher or longer the age of the company since the company was founded until the company is able to maintain its existence can reduce the occurrence of fraudulent financial statements.

3. The effectiveness of the audit committee has a negative and insignificant effect on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the higher effectiveness of the audit committee as proxied by the number of audit committee meetings has not been able to reduce the occurrence of fraudulent financial statements.
4. Independent commissioners have a negative and insignificant effect on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the higher the proportion of independent commissioners in the company has not been able to reduce the occurrence of fraudulent financial statements.
5. The reputation of the auditor cannot strengthen the influence of the ownership structure on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the reputation of the auditors owned by KAP big-4 has not been able to strengthen the influence of the ownership structure on the occurrence of fraudulent financial statements.
6. Auditor reputation strengthens the influence of company age on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the auditor's reputation owned by KAP big-4 is able to strengthen the effect of the length of the company's age in reducing the occurrence of fraudulent financial statements.
7. The reputation of the auditor cannot strengthen the effect of the effectiveness of the audit committee on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the reputation of the auditors owned by KAP big-4 has not been able to strengthen the effect of the effectiveness of the audit committee in reducing the occurrence of fraudulent financial statements.
8. The reputation of the auditor strengthens the influence of the independent board of commissioners on fraudulent financial statements in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This means that the auditor's reputation owned by KAP big-4 is able to strengthen the influence of the existence of an independent board of commissioners in reducing the occurrence of fraudulent financial statements.

In accordance with the conclusions that have been expressed above, the authors can provide suggestions, namely as follows:

1. Company management is expected to present financial statements in accordance with the code of ethics and generally accepted principles, so as not to mislead other parties in the decision-making process.
2. The company is expected to be able to improve the performance of the audit committee by intensifying audit committee meetings and immediately following up on the results of the meeting to minimize the possibility of fraudulent financial statements in the company.
3. The company is expected to be able to provide space for the independent board of commissioners to improve the supervisory function so as to minimize the possibility of fraudulent financial statements in the company.
4. The company is expected to choose quality audit services and have a good track record in order to assist the company in strengthening the functions of the company's organs to carry out their duties and obligations properly so as to minimize the possibility of fraudulent financial statements in the company.
5. The number of samples can be further developed so that they represent the population of companies in Indonesia by expanding the company sector, not only in the construction and building sub-sector companies, but in other sectors.
6. Expanding research trends by adding research time.
7. Increase the number of variables that can affect fraudulent financial statements, so that it will produce even better data.

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