DETECTING FRAUD WITH BUSINESS ETHICS DISCLOSURE, AUDIT COMMITTEE INDEPENDENCE, AND EARNINGS PER SHARE

1st Lilis Herlina
Akuntansi, Ekonomi
Universitas Swadaya Gunung Jati
Cirebon, Indonesia
lilish792@gmail.com

2nd Siti Jubaedah
Accounting Department, Faculty of Econnomics and Business
Universitas Swadaya Gunung Jati
Cirebon, Indonesia
edahcrb@gmail.com

3rd Apri Dwi Astuti
Accounting Department, Faculty of Econnomics and Business
Universitas Swadaya Gunung Jati
Cirebon, Indonesia
apri_dwiastuti@yahoo.co.id

***Abstract*— This study was conducted to observe the pattern of fraud committed by public companies. The number of fraud cases shows the low level of information quality in financial reporting and the low level of internal control of the company, which also shows the low level of compliance with accounting standards. The study aims to detect fraud through the disclosure of business ethics, independence of the audit committee, and earnings per share. This research uses a positivist approach, a causality study using quantitative methods, and secondary data. Secondary data is obtained from the annual and sustainability reports of public companies listed on the Indonesia Stock Exchange in 2018-2021. The sampling technique uses purposive sampling with criteria of companies that have experienced FraudFraud and obtained 48 samples. The data analysis method uses logistic regression. The results showed that disclosure of business ethics and unconfirmed earnings per share significantly influenced FraudFraud. In contrast, the independence of confirmed auditors had a negative and significant influence on FraudFraud. This research has a theoretical contribution to the development of accounting science to help detect fraud motives so that it will increase accuracy, transparency, and ethics in accounting practices, as well as have a practical contribution to company management in preventing fraud. It explains the importance of the research, objectives, brief methods, findings, and conclusions**.

Keywords— ***fraud; business ethics disclosure; audit committee independence; earning per share***

I. INTRODUCTION

Financial Statements are presented to stakeholders: The management, employees, investors, creditors, suppliers, government, and others. Financial statements are signals from Management (Signal Receiver) to stakeholders (Signal Receiver). Then, the management must make financial statements in accordance with the conditions the company is experiencing. In order not to mislead users of financial statements in making decisions, the financial statements made by the company must meet several criteria, including understandable, relevant, reliable, comparable, and consistent (Kieso et al., 2017). However, Management always tries to disclose private information, which, according to its consideration, is of great interest to investors and shareholders, especially if the information is good news (Cahyani Nuswandari, 2009). With this motivation, they often present financial statements not by company conditions or manipulate financial statements; in other words, management commits fraud.

According to The Association of Certified Fraud Examiners (ACFE), fraud is any attempt to deceive or deceive others to obtain personal benefits. Financial reporting fraud is an attempt made deliberately by companies to mislead users of financial statements, especially investors and creditors, by presenting and engineering the material value of financial statements. This is usually done so that the company continues to gain the trust of investors and creditors to continue to invest and provide capital loans. Based on cases investigated from January 2020 to September 2021 conducted by Certified Fraud Examiners (CFE) around the world. There were 2,110 fraud cases from 133 countries divided into several regions. The highest top three cases included the United States and Canada, with 675 cases (36%); Sub-Saharan Africa, with 429 cases (23%); and Asia-Pacific, with 194 cases (10%). Based on the survey results in 18 countries in the Asia-Pacific region, countries with the highest cases include Australia, China, and Indonesia. In A Report to the Nation on Occupational Fraud 2022, Indonesia occupies the third position, with 23 cases investigated. This can be seen in the table I attached to the sheet on the next page.

TABLE I. NUMBER OF FRAUD CASES IN THE ASIA-PACIFIC CONTINENT IN 2020-2021

Country	Number of cases
American Samoa	2
Australia	38
China	33
Fiji	1
Hong Kong	13
Indonesia	23
Laos	1
Malaysia	25
Micronesia	1
New Zealand	6
Papua New Guinea	3
Philippines	12
Singapore	13
Solomon Islands	1
South Korea	2
Taiwan	3
Thailand	9
Vietnam	8
TOTAL CASES	194

Source: Association of Certified Fraud Examiners, 2022 A Report to the Nation on Occupational Fraud

The 2019 fraud survey in Indonesia conducted by the Association of Certified Fraud Examiners (ACFE) shows that the most significant losses due to Fraud come from acts of corruption, with a loss value above Rp 10 billion, and fraud in financial statements and misuse of assets, in the majority of cases, below Rp 10 billion. However, the incidence is the highest (ACFE Indonesia, 2020). This can be seen in Table II. The value of Indonesia's most detrimental fraud account is attached to the next sheet.

TABLE II. THE VALUE OF LOSSES DUE TO FRAUD IN INDONESIA

NILAI KERUGIAN	Korupsi	*Fraud* Laporan Keuangan	Penyalahgunaan Aset/Kekayaan Negara & Perusahaan
Rp. ≤10 Juta	48,1%	67,4%	63,6%
Rp.10 Juta - 50 Juta	4,2%	2,9%	3,3%
Rp.50 Juta - 100 Juta	8,4%	5,4%	8,8%
Rp.100 Juta - 500 Juta	11,7%	6,7%	9,6%
Rp.500 Juta - 1 Milyar	10,9%	6,7%	2,9%
Rp.1 Milyar - 5 Milyar	5,9%	3,8%	3,8%
Rp.5 Milyar - 10 Milyar	5,4%	2,1%	3,4%
Rp. >10 Milyar	5,4%	5,0%	4,6%

Source: Fraud Survey in Indonesia 2019 (ACFE)

In 2019, there was a case of manipulation of Garuda's financial statements as follows: In the 2018 annual financial statements (LKT), Garuda Indonesia Group posted a net profit of USD809.85 thousand or equivalent to Rp11.33 billion (assuming an exchange rate of Rp14,000 per US dollar), an increase compared to 2017 which suffered a loss of Rp 3 trillion. The financial report caused a debate between the two commissioners of Garuda Indonesia (Hartomo, 2019). The case of SNP Finance conducts fictitious receivables to obtain loan funds from creditors. With a loss value of up to Rp 14 trillion for credit break-ins of 14 banks (Aldin, 2018). The following case occurred PT. ENVY Technologies Indonesia is suspected of manipulating the 2019 annual financial statements (LKT) (Ferry Sandria, 2021). Cases of financial manipulation, such as the cases above, will affect the integrity of financial reporting and investor confidence in investing in their hard work (Persons, 2010). Based on the cases of Fraud in the World and Indonesia, Fraud has become a global phenomenon that every country cannot avoid. Fraud will harm users of financial statements. So, research is needed to detect indications of fraud committed by the company. Fraud committed by the company is inseparable from several factors that influence it. Based on (Persons, 2010) factors affecting FraudFraud, namely Disclosure of Business Ethics, Independence of the Audit Committee (INDAUD), Term of Office of Audit Committee, Additional Director of Audit Member (DIRSHIP), the CEO serves as chairman of the board (CEOCHR), Earning Per Share (EPS). Referring to research (Persons, 2010), this study reviews the disclosure of business ethics, independence of the audit committee, and earnings per share to detect the possibility of fraud in the Company.

Business ethics is a set of rules that form the basis of company guidelines for making decisions. When the company discloses business ethics to the public, it will be more transparent in running its business. In addition, employees believe that they operate with honesty and high integrity regarding job satisfaction, which will be a source of their pride. Ethical companies are less likely to commit fraud because many rules restrict them from committing fraud. If they violate the ethics set by the company, the consequences will be that they will lose their job. This is in accordance with the results of research (Bagnoli & Watts, 2007; Huang et al., 2008; Persons, 2010) found the results that Business Ethics Disclosure negatively affects FraudFraud, while research conducted by (Persons, 2005; Pinkham, 1998) found that Business Ethics Disclosure has a positive effect on FraudFraud.

The audit committee is primarily responsible for monitoring the integrity of financial reporting. According to (Persons, 2010), a committee is considered entirely independent of management if all its members are outside independent directors with no personal or financial relationship with the company or its executives. An independent audit committee can perform practical supervisory and supervisory functions because its duties are not affected and depend on other parties. In addition, the Independent Audit Committee will be objective in carrying out its duties and obligations (Laming et al., 2019). To prevent the possibility of companies committing FraudFraud. This corresponds to (Bédard et al. 2004; Klein, 2002 Laming et al., 2019 Persons, 2005) (Persons, 2010) state that Audit Committee Independence negatively affects FraudFraud.

Earnings Per Share (EPS) measures a company's profitability and financial performance. Earning Per Share (EPS) is the first thing investors see when investing, thus motivating companies to commit fraud and cover up poor company performance (Persons, 2005). The higher the company's Earnings Per Share (EPS), the higher the possibility of the company committing FraudFraud. (Persons, 2005) states that Earning Per Share (EPS) negatively affects FraudFraud, and (Persons, 2010) believes that Earning Per Share (EPS) has a positive effect on FraudFraud. (Hutomo and Sudarno 2012) They state that earnings per share (EPS) does not significantly affect fraud detection in financial reporting.

Based on the many fraud or financial statement fraud cases and inconsistent results in previous research, this study aims to reexamine the effect of Business Ethics Disclosure, Audit Committee Independence, and Earnings per Share (EPS) on Fraud. The units used in this study are companies listed on the Indonesia Stock Exchange in 2018-2021.

II. METHOD

Population is a generational area consisting of objects or subjects with specific qualities and characteristics determined by researchers to be studied, and a conclusion is drawn (Sugiyono, 2019). In this study, the population is all companies listed on the Indonesia Stock Exchange in 2018-2021, with 517 companies.

The sampling technique uses purposive sampling, where data is determined based on criteria determined by the researcher. The sample criteria of this study are 1) Companies that have committed fraud at least once during the observation period. 2) All companies listed on the IDX and companies that have issued annual reports and audited financial statements from 2018-2021. Based on the criteria above, the following sample criteria table is presented below;

TABLE III. SAMPLING CRITERIA

No.	Criteria	
1.	Number of all companies listed on IDX in 2018-2021	517
2.	Companies that have never committed FraudFraud during the study period	(497)
3.	Companies that do not publish Annual Reports and Audited Financial Statements	(8)
	Number of companies meeting the criteria	**12**
	Multiplied by four years of research	**48**

Source: Secondary Data Processed (2022)

Based on the table of criteria above, this study obtained 48 samples from various companies. The next sheet lists the companies that will be sampled.

TABLE IV. LIST OF COMPANIES SAMPLED
Source; Secondary Data Processed (2022)number; Data

No.	Kode Perusahaan	Nama Perusahaan
1.	BOGA	Bintang Oto Global Tbk.
2.	DEFI	Danasupra Erapacific Tbk
3.	ELTY	Bakrieland Development Tbk
4.	GIAA	Garuda Indonesia (Persero) Tbk
5.	GMFI	Garuda Maintenance Facility Aero Asia Tbk
6.	HDTX	Panasia Indo Resources Tbk
7.	IBFN	PT Intan Baruprana Finance Tbk
8.	INDEX	Tanah Laut Tbk
9.	INTA	Intraco Penta Tbk
10.	LAPD	Leyland International Tbk
11.	SRIL	PT Sri Rejeki Isman Tbk
12.	TRIO	PT Trikomsel Oke Tbk

Fraud can be measured by looking at the Audit Opinion conducted by the Independent Auditor, with indications for companies that get audit opinions other than Fair and Reasonable Without Exception indicated to commit FraudFraud. In contrast, companies that get Fair Audit Opinions with Exception, Unnatural, or Disclaimer are indicated to have committed fraud. If the company gets a Fair Audit Opinion with Exceptions, it is categorized as a company indicated to have committed FraudFraud marked with number 1. In contrast, for companies that get a fair and reasonable audit opinion without exception, the company is not indicated by FraudFraud and is marked with the number 0.

Business Ethics Disclosure is measured using 18 indicators, and each company that implements ethical disclosure will get a point of 1, while companies that do not apply get a point of 0 (Persons, 2010), with the highest score of 18 points for companies that have implemented all Business Ethics Disclosures. Then, the company's score will be divided by the total score. Here are 18 indicators used as measurements in this study:
Does the company certify that it has a written code of ethics and business conduct?

Is there a special committee of the board of directors with supervisory responsibilities related to ethics?
Does the company have a corporate ethics or compliance officer?
Do you consider ethics when hiring directors or executives?
Does it link executive compensation to the ethical behavior of the company?
Does it provide ethics training or require employees to sign a letter stating that employees have read and will abide by their code of ethics?

The code of ethics is applied to how many of the following areas:
Maintenance of accurate company records;
Communication with the public;
Conflict of interest between personal and professional relationships;
Treatment of confidential information;
Use of company assets;
Anti-nepotism;
Reporting of accounting complaints and illegal/unethical behavior;
Compliance with applicable laws and regulations, including discrimination, harassment, and environment and human rights;
Commercial bribery;
Competition and fair dealing;
Insider trading of company shares; and
Disciplinary action for violations of the code of ethics.

The independence of the Audit Committee (INDAUD) is measured using a ratio scale, with the formula Number of Audit Committee Members divided by the Total Number of Audit Committee Members.

This study's earnings per share (EPS) focuses on the year before the company commits fraud. In this study, Earning Per Share (EPS) uses the formula: Net Income minus Overall Dividend divided by the Average of common shares outstanding.

Based on the explanation above, the operationalization table of variables presented in Table IV is presented;

TABLE IV. VARIABLE OPERATIONALIZATION

Variable	Measurement	Skala
Fraud	0 = For companies that do not commit FraudFraud One = For companies that commit FraudFraud (Kusuma et al., 2017)	Nominal
PEB	Number of points earned by a Company divided by Total Business Ethics (Persons, 2010)	Rasio
INDAUD	Number of Independent Audit Committee Members divided by Total Audit Committee Members (Laming et al., 2019)	Rasio
EPS	$\frac{\text{(Net Profit- Dividend)}}{\text{average shares outstanding}}$ ((Persons, 2010)	Rasio

Source: (Kusuma et al., 2017; Laming et al., 2019; Persons, 2010).

Data Analysis in research uses Quantitative Analysis techniques. In this study, quantitative analysis is done by quantifying research data to produce the information needed for the analysis. The analytical tool used in this study was logistic regression. Data analysis used in this study includes descriptive statistical analysis, Hosmer and Lemeshow's Overall Model Fit, Coefficient of Determination, Logistic Regression Test, and Hypothesis Test. The Logistic Regression Equation model formed in this study is as follows:

$$\text{Fraud} = a + \beta 1\ \text{PEB} + \beta 2\ \text{INDAUD} + \beta 3\ \text{EPS} + e$$

Information:
PEB = Business Ethics Disclosure
INDAUD = Independence of Audit Committee
EPS = Earning Per Share (EPS)

III. RESULTS AND DISCUSSION

Data analysis used in this study includes descriptive statistical analysis (standard deviation, mean, maximum, and minimum), Hosmer and Lemeshow's Overall Model Fit, Coefficient of Determination, Logistic Regression Test, and Hypothesis Test. The following are the descriptive statistical results of SPSS processing:

TABLE V. STATISTICAL DESCRIPTIVE ANALYSIS

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
PEB	48	55.000	77.800	53.914	185.1953
INDAUD	48	.0000	10.000	.59585	.1997314
EPS	48	-250.471	603.586	-33.15	670.113
Valid N (listwise)	48				

Source: Secondary Data Processed 2022

Based on Table V, the number of samples studied was 48 samples, and the statistical results obtained by each variable showed the following results:

Business Ethics Disclosure has a minimum value of 5.5 while the maximum value is 77.78, Which means the lowest value of the Business Ethics Disclosure variable analyzed is 5.5%, and the highest value is 77.78%. The Mean value of 53.914375 and the standard deviation value of 18.5195296 are obtained from the Business Ethics Disclosure variable. The mean value obtained is greater than the standard deviation value (53.914375 > 18.5195296), Which means that the sample data analyzed have almost the same value as each other; it can be said that the Business Ethics Disclosure data analyzed in this study has a value that does not vary.

The Audit Committee Independence variable has a minimum value of 0 while the maximum is 1. The lowest value of the analyzed Audit Committee Independence variable is 0, and the highest is 1. The mean value of 0.5958 and the standard deviation value of 0.1997 are obtained from the variable Business Ethics Disclosure. The mean value obtained is greater than the standard deviation value (0.5958 > 0.1997), Which means that the sample data analyzed have almost the same value as each other; it can be said that the Audit Committee Independence data analyzed in this study has a value that does not vary.

The variable Earnings Per Share (EPS) has a minimum value of -250.4714, while the maximum is 60.3586. The lowest value of the variable Earnings Per Share (EPS) analyzed is -250.4714, and the highest is 60.360. The mean value of -33.147787 and the standard deviation value of 67.0113449 are obtained from the variable Earnings Per Share (EPS). The mean value obtained is smaller than the standard deviation value (-33.147787 < 67.0113449), Which means that the sample data analyzed have different values from each other; it can be said that the Earning Per Share (EPS) data analyzed in this study has a varied value.

The Fraud variable (Y) is tested using Frequency. Based on Table 5, there were 48 samples in this study. There were 26 samples, or 54.2%, that were not indicated to commit FraudFraud, while 22 samples, or 45.2%, indicated to commit FraudFraud. Here are the results:

TABLE VI. FREQUENCY

		Frequency	Percent
Fraud (Y)	Companies that FraudFraud does not indicate	26	54.2
	Companies that are indicated to be FraudFraud	22	45.8
	Total	48	100

Source: Secondary Data Processed 2022

The feasibility of the regression model was assessed by looking at the output from Hosmer and Lemeshow with hypothesis H0 (There is no noticeable difference between the predicted classification and the observed classification) and H1 (there is a noticeable difference between the predicted classifications). Below are the results of Hosmer and Lemeshow's analysis.

TABLE VII. HASIL ANALISIS *Hosmer and Lemeshow's*.

Hosmer and Lemeshow Test			
Step	Chi-square	Df	Sig.
1	4.459	8	.814

Source: Secondary Data Processed 2022

Based on the table above, a Chi-Square value of 4.459 is obtained with a significance (p) of 0.814. The significance value is more significant than 0.05, so the regression model can predict the observation value and be used for further analysis.

Assessing the Overall Model (Overall model fit), the test is performed by comparing the value between -2 Log Likelihood (-2LL) at the beginning (Block Number = 0) with the value of 2 Log Likelihood (-2LL) at the end (Block Number = 1). The results of the iteration history test (block number 0) and (block number 1) are attached as follows:

TABLE VIII. COMPARISON BETWEEN INITIAL -2 LOG-LIKELIHOOD TEST AND FINAL -2 LO LIKELIHOOD

Model	*-2LL*
-2 *Log Likelihood* Awal	66.208
-2 *Log Likelihood* Akhir	54.028

Source: Secondary Data Processed 2022

Formed Logistic Regression Model and Hypothesis Testing, based on secondary data processed earlier, then input into SPSS version 26, obtained the following regression model:

TABLE IX. NILAI β

		B
Step 1[a]	Business Ethics Disclosure	.009
	Independence of Audit Committee	-7.020
	Earning Per ShaEarning Per Share (EPS)	-.006
	Constant	3.421

Source: Secondary Data Processed 2022

Based on table IX Value β Hypothesis test results, the Logistic Regression equation is formed as follows:

Fraud = a + β1 PEB + β2 INDAUD + β3 EPS+ e

Information:

PEB = Business Ethics Disclosure
INDAUD = Independence of Audit Committee
EPS = Earning Per Share

Fraud = 3,421 + 0,009PEB – 7,020 IKA - 0,006 EPS+ e

From the regression equation on the previous sheet, the coefficient value of Business Ethics Disclosure, Audit Committee Independence, and Earnings Per Share (EPS) can be interpreted as follows:

The constant value of 3.421 indicates that if the influence of independent variables, namely Business Ethics Disclosure, Audit Committee Independence, and Earning Per Share (EPS), does not change or remains constant, the company's chances of committing Fraud will increase by 3.421.

The value of the Business Ethics Disclosure coefficient of 0.009 shows that with every increase in Business Ethics Disclosure points by 1 unit, the company's chances of committing Fraud actions will increase by 0.009.

The Audit Committee Independence coefficient value of -7,020 shows that when the company increases by 1 unit, its chances of committing fraud decrease by 7,020.

The value of the Earning Per Share (EPS) coefficient of -0.006 shows that when the company experiences an increase in Earning Per Share (EPS) by 1 unit, the company's chances of committing fraud will decrease by 0.005.Epsilon (Error Term) yang berarti ada variabel-variabel lain yang mempengaruhi Fraud selain Pengungkapan Etika Bisnis, Independensi Komite Audit, Earning Per Share (EPS).

Hypothesis testing is a decision-making method based on data analysis from controlled experiments and observation (uncontrolled). In statistics, an outcome can be statistically significant if the event is almost impossible to be caused by a chance factor, according to a predetermined probability limit. The following are the results of the hypothesis test presented in Table X.

TABLE X. TEST THE HYPOTHESIS

		B	Sig.
Step 1[a]	Business Ethics Disclosure	.003	.616
	Independence of Audit Committee	-7.020	.021
	Earning Per Share	-.006	.258
	Constant	3.421	.112

Source: Secondary Data Processed (2022)

Based on the results of the hypothesis test shown in the table above. Business Ethics disclosure has a significance value of 0.616 > 0.005 and a β value in unstandardized coefficients of 0.009. A significance value above 0.05 indicates no significant influence of the Business Ethics Disclosure variable on FraudFraud, so H1 is rejected.

The independence of the Audit Committee has a significance value of 0.021 < 0.05 and a β value in unstandardized coefficients of -7.020, which indicates a negative direction. A significance value below 0.05 significantly influences the negative direction of the Audit Committee Independence variable on FraudFraud, so H2 is accepted.

The last variable, Earning Per Share (EPS), has a significance value of 0.258 > 0.005 and a β value in unstandardized coefficients of 0.009. A significance value above 0.05 indicates that the Earning Per Share (EPS) variable has no significant effect on fraud, so H3 is rejected.

Testing the effect of the Business Ethics Disclosure variable based on a significance value of 0.616, a significance value greater than 0.05, shows that there is no significant influence. This means that the high and low scores of Business Ethics Disclosure cannot indicate Fraud in the company being sampled.

The results of this study cannot explain the influence of business ethics disclosure on fraud actions carried out by companies. This can be explained in the company's sampled data structure. Companies with the GIAA code obtained a Business Ethics Disclosure score of 77.77% of companies indicated by FraudFraud; in the following year, GIAA received the same Business Ethics Disclosure score of 77.77%, but in that year, GIAA was indicated to commit FraudFraud. IBFN company code obtained a score of 50% and was not indicated fraud; the following year, the company increased its score to 66.66% and was indicated to have committed fraud. The TRIO company code obtained a Business Ethics Disclosure score of 50% of companies indicated by FraudFraud; the following year, TRIO decreased its score to 44.4%, and the company remained indicated by FraudFraud. This explanation can be seen in secondary data processed to have the same value as each other (not varied). So, in this study, Business Ethics Disclosure does not significantly affect Business Ethics Disclosure, so it cannot be used as a consideration to detect fraud committed by the company.

Testing the influence of the Audit Committee Independence variable based on a significance value of 0.021, greater than 0.05, shows a significant influence in a negative direction. This means that the more independent members of the Audit Committee are, the higher the ratio of Audit Committee Independence. Then, the nature of objectivity and professionalism in supervision will be higher so that the management or the company cannot influence the opinion issued by the Audit Committee. Thus, there is no loophole for management or the company to commit FraudFraud.

The results of this study explain the influence of Audit Committee Independence in fraud actions carried out by the company. This can be explained in the company's sampled data structure. TRIO company code in 2018 and 2019, the Audit Committee Independence ratio was 0, and the company was indicated to have committed fraud. Furthermore, in 2020, the Independence ratio of the TRIO Audit Committee was 0.6667, and the company was not indicated to have committed fraud. This proves that the audit committee can prevent FraudFraud from being committed by the company. (Arief Effendi, 2016) Stated that if there are allegations of irregularities or fraud in the company involving the company's directors, the commissioner can assign an audit committee to conduct a special audit (Fraud Audit). This explanation is supported by research results (Laming et al., 2019; Persons, 2005, 2010), which state that the Independence of the Audit Committee negatively affects FraudFraud.

It tests the effect of the variable Earnings Per Share (EPS) based on a significance value of 0.189; a significance value greater than 0.05 shows no significant influence. This means that the rise and fall of Earning Per Share (EPS) cannot indicate FraudFraud. The results of this study explain the influence of Earning Per Share (EPS) in fraud actions carried out for companies. This can be explained in the company's sampled data structure. Company Code GIAA experienced an increase in earnings per Share (EPS) from -136 to -21,776, and the company was indicated to be acting in fraud. GMFI Company Code experienced a decrease in Earning Per Share (EPS) from negative -25.94 to -160.46, and the company was indicated to be committing FraudFraud. This explanation aligns with the research results showing that Earning Per Share (EPS) has no significant effect in detecting fraud in reporting.

IV. CONCLUSIONS

Based on the results of research and discussion on detecting Fraud with Business Ethics Disclosure, Audit Committee Independence, and Earning Per Share (EPS), it can be concluded that:

Disclosure of Business Ethics does not affect Fraud. This means that the high and low scores/levels of Business Ethics Disclosure cannot indicate Fraud. This is because the data have the same value as each other (not varied), so the results of this study cannot explain how Disclosure of Business Ethics can be used as a consideration in detecting Fraud in the company.

The independence of the Audit Committee has a negative influence on FraudFraud. The more independent members of the Audit Committee are, the higher the ratio of Audit Committee Independence. Then, the nature of objectivity and professionalism in supervision will be higher so that the management or the company cannot influence the opinion issued by the Audit Committee. Thus, there is no loophole for management or the company to commit FraudFraud, which means that the independence of the Audit Committee is measured using the ratio of the comparison of the number of members of the Independent Audit Committee divided by the number of members of the Audit Committee, can prevent the occurrence of FraudFraud committed by management or the company itself so that the independence of the Audit Committee can be used as a consideration to determine whether there is FraudFraud in a company.

Earning Per Share (EPS) does not affect FraudFraud. The rise and fall of Earning Per Share (EPS) cannot indicate FraudFraud. The processed secondary data evidence this. Company Code GIAA experienced an increase in earnings per Share (EPS) from -136 to -21,776, and the company was indicated to be acting in fraud. GMFI Company Code experienced a decrease in Earning Per Share (EPS) from negative -25.94 to -160.46, and the company was indicated to be committing FraudFraud. In this study, Earning Per Share (EPS) cannot detect FraudFraud.

Implications

This study proves that Business Ethics Disclosure and Earnings Per Share (EPS) variables do not significantly affect fraud. Meanwhile, the independence of the Audit Committee negatively affects Fraud. This research is expected to be a reference for future research that wants to review Fraud by adding other variables.

Limitations

The coefficient of determination is 30%, meaning that Business Ethics Disclosure Research, Audit Committee Independence, and Earning Per Share (EPS) only affect 30% of fraud; other factors influence the remaining 70%. The observation period is only a short period of 4 years, starting from 2018-2021. The limited number of companies sampled so that research data becomes less representative.

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