ABSTRACT

Financial statement fraud is one of the problems that can reduce investors and stakeholders trust in a company's financial information. The risk of fraud may be influenced by financial stability, ineffective monitoring, auditor switching, and the effectiveness of the internal audit function as a corporate oversight mechanism. This study aims to examine the effect of financial statement fraud, as well as the role of internal audit as a moderating variable in mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period. The population of this study consists of 126 mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period. Using a purposive sampling technique, 25 companies met the sampling criteria, resulting in 100 firm-year observations used as the final sample.

This study employs a quantitative approach using a logistic regression analysis and Moderated Regression Analysis (MRA). The analysis is conducted to examine the direct effects of the independen variables and the moderating tole of the internal audit function in detecting financial statement fraud.

The results indicate that financial stability and ineffective monitoring do not affect financial statement fraud. Internal audit is only able to moderate the relationship between ineffective monitoring and financial statement fraud, but is unable to moderate the relationship between financial stability and financial statement fraud or between auditor switching and financial statement fraud.

Keywords: *financial statement fraud, financial stability, ineffective monitoring, auditor switching, internal audit.*