ABSTRACT

This study aims to examine the moderating effect of audit quality on the relationship between corporate governance—measured through board size, the proportion of independent commissioners, financial expertise of the board of commissioners, and meeting frequency of the board of commissioners—and financial statement fraud indications in State-Owned Enterprises (SOEs) listed on the Indonesia Stock Exchange for the period 2019–2023. This research utilizes secondary data obtained from Bloomberg and the annual reports of the companies. A total of 20 non-financial SOEs were selected as samples using purposive sampling, yielding a balanced panel of 100 firm-year observations. Financial statement fraud was assessed using the Beneish M-Score, while data analysis employed descriptive statistics and logistic regression. The results indicate that only board meeting frequency has a significant negative effect on fraud indications. Furthermore, audit quality was found to enhance the effect of meeting frequency in reducing fraud, but it does not moderate the influence of other governance variables.

Keywords: Corporate Governance, Board Size, Independent Commissioners, Financial Expertise of the Board of Commissioners, Meeting Frequency of the Board of Commissioners, Audit Quality, Financial Statement Fraud Indication.