

Factors Causing The Occupation Of Fraud In The Financial Statements

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Abstract. This writing aims to examine the factors that cause fraud. Fraud is an act that causes reporting errors in financial statements, or an intentional act to use company resources unreasonably and misrepresent facts for personal gain. Fraud in financial statements can result in material misstatements. One of them is in accounting. The end product of an accounting field is a financial report. The auditor has a responsibility to fraud before concluding that the financial statements are presented fairly. Factors that influence the occurrence of fraud itself, namely starting from pressure, opportunity and rationalization. Therefore the auditor must have awareness of fraud that can occur and learn how fraudsters commit fraud. The auditor must carry out audits systematically through the appropriate methodology. This study was conducted using the literature review method from several previous researchers. The results of the study show that there are a number of factors that cause fraud, including pressure, opportunity, and justification. A number of these factors easily occur due to the condition of the system and the behavior of people related to financial management.

Keywords: Fraud, Pressure, Opportunity, Justification

1 Introduction

Fraud is a causing action error reporting in report finance, or something follow intentional For use source Power company in a manner No fair and misrepresented fact For obtain profit personal . fraud is _ intentional for wrong statement to something truth or hidden state from A material facts that can influence others to do detrimental action , usually is error However in a number of case possible is A crime.

Financial statement fraud is illegal and can have severe consequences, including financial penalties, criminal charges, loss of reputation, and damage to shareholder and investor trust. Companies and organizations often implement internal controls, independent audits, and regulatory oversight to detect and prevent such fraudulent activities.

Fraudulent act Actually has done since first . In life daily cheating is also common happened . If observed, cheating Lots happen in all field. this No regardless from desire personal, yes opportunity and desire take something from other people. Fraud this is also a lot happening in the field accounting . Product end from A field accountancy is report finance . In presentation report finance must clear and easy understood. Delivery report finance used by investors as reference is will continue investment in the company the or no . Besides it , user report finance must be careful Because possibility happening delivery information no finance fair. it can happen Because intentional. If factor fraud happened, then need audit by external audit. Auditors are also responsible answer For detect fraud that occurred before conclude report finance reasonable or no. Report finance is something presentation structured from position finance and performance something entity. Notes information finance something company at one period possible accounting _ used For describe performance company the .

Fraud that occurred in A company influenced by many one of the factors is internal control. Internal control can We interpret as an ongoing process and procedure For provide adequate guarantee that objective control has fulfilled. Internal control includes structure coordinated organization, methods and measures For guard riches organization, check accuracy and reliability of accounting data , encouraging efficiency and drive he obeyed policy management. Objective an internal control company that is guard riches company, check accuracy and reliability of accounting data, encouraging efficiency and drive he obeyed policy management.

Based on observations, some possibility reason involvement official in action fraud is environment no work comfortable and not fun , for example treat employee in a manner No ok, communicate in a manner closed and not exists mechanism For convey every complaint , system measurement performance and reward, which is not reasonable so that employee feel No treated in a manner fair, no exists help consultation employee, for know problem in a manner early, acceptance process unfair employees as well carelessness or No be careful, remember motivation somebody No can observed eye naked, otherwise product motivation the No can hidden .

Factor which is also suspected to have an effect to fraud is suitability compensation . Compensation different with wages or wages, compensation has a broad meaning, besides consists from salaries and wages, can also be facility housing, facilities vehicles, clothes uniforms, allowances family, alimony health, benefits food as well as Still Lots anything else that ca rated with money too tend accepted by employees in a manner stay. Compensation received by employees Of course just will impact positive for employee nor one company is employee will feel satisfied so that employee No There is thought For do fraud. Besides That with exists compensation Eat employee will own more motivation For Work so that impact Good to the output produced by employees that also has an impact positive to company.

factors are also suspected influential somebody For do action fraud is style leadership. Leadership style can We understanding as something the way one does leader so you can affect employees, so willing Work same and work in a manner productive For reach goals that have been set company.

2 Theoretical Review

2.1 Fraud

Cheating (fraud) can be defined as containing cheating meaning something deviant and deed violate law (illegal act), which is done with on purpose For objective certain for example cheat or give description mistaken (mislead) to other parties performed by people, either from in nor from outside organization . Fraud in report finance is a misstatement in disclosure intended amount . this prone to happen when company report more tall from the real .

Internal fraud report finance is intentional act by one or more member management, or administrator, or employee, or party third, through fraud For obtain no advantage legitimate or oppose law. Fraud is intentional deception done to cause loss without recognized by the aggrieved party it and give profit for perpetrator cheating. Fraud generally happen Because exists pressure For do deviation or encouragement For utilise existing and existing opportunities justification (accepted in a manner general) against action the. That fraud Alone in a manner general is something deed oppose laws that are carried out by people of in and or outside organization, with Meaning For get profit private and or group that is direct harm party other .

Classification Cheating (fraud):

- a. Financial Statement Fraud
Financial statement fraud can be defined as fraud in the form of material misstatement of financial statements which are stakeholders. This fraud can be financial or non-financial fraud.
- b. Storage of Assets
Storage of Assets includes misuse/theft of assets.
- c. Corruption, Collusion and Nepotism – KKN
KKN includes abuse of authority, bribery , illegal, acceptance, selection/appointment of employees based on kinship/family relations, agreement or cooperation between employees or other parties that have an adverse impact on the organization/company.

2.2 Theories Fraud

1. Triangle Cheating (fraud)

Cheating (fraud) triangle developed by Donald R. Cressey. In the fraud triangle, there are 3 factors that cause why someone commits fraud, namely pressure, opportunity, and rationalization .

- Pressure is the initial cause of fraud, for example, there is pressing pressure in the form of urgent financial needs but cannot be shared with anyone . So that fraud is used as a shortcut that is fast and precise to get out of this condition.
- Opportunity is the second cause, pressure is not necessarily the cause of someone committing fraud. However, an opportunity is needed so that the acts of fraud committed are not known by anyone.
- Justification (rationalization). Justification becomes a part that must exist and motivation to commit crimes. Justification is needed to defend the perpetrator as a trusted person.

2. Diamond fraud

Cheating (fraud) diamond is development from fraud triangle . Cheating (fraud) diamond explained that fraud occurs _ due to 4 factors ie pressure , opportunity , rationalization , and capability.

- Pressure is one of the main factors in someone committing fraud. Pressure can be in the form of financial pressure experienced or pressure from the surrounding environment.
- Opportunity is a situation where a person gets the opportunity to commit an act of fraud.
- Rationalization/justification (rationalization) is a thought that justifies an action to be normal, which is morally acceptable in society normally. '
- Capability is related to the ability needed to become a perpetrator of fraud .

3. Gone Theory

Gone theory identifies that Fraud is caused by 4 factors , namely greed, opportunity, needs, and disclosure.

- Greed related to the greed and greed of corruptors that potentially exist in everyone.
- Opportunity related to a system that provides holes for corruption, related to the state of the organization/agency or the community environment which opens up opportunities for someone to commit fraud.
- Need is a mental attitude that is never enough, full of consumerism, and always full of needs that never end.
- Exposure as related to punishment for corruptors is low, punishment does not deter perpetrators or other people, and minimal deterrence effect.

Cheating (fraud) can done by anyone , reviewed from perpetrator fraud then fraud can classified as following :

- a. Management fraud or commonly referred to as white-collar crime , is a crime committed by important people or people with high social status and is carried out in the context of work. This crime involves violation of duties, obligations and responsibilities by carrying out actions or omitting vaguely or clearly in an intentional fraud, theft or misappropriation of an asset entrusted to him.
- b. Fraud by employees, i.e. dishonest actions committed by employees causing losses to the entity even though management has taken preventive measures.
- c. Fraud from outside the organization, namely fraud committed by suppliers, contractors, and so on in connection with the delivery of work, goods, or services that harm the recipient.
- d. Fraud involving outsiders and people within the organization through unhealthy partnerships.

Another reason why fraud can happen that is originating cause _ from internal environment and causes from environment external . A number of coming cause _ from internal environment is environment no work _ supports , the system does not enough, system lack of appreciation, lack level interpersonal trust , lack level ethics, high stress levels, demands work, the competition is not healthy, no its functioning Company Internal Control, and no its functioning Management Company Risk. Whereas reason incoming fraud from environment external and in add motive fraud is condition full industry competition and conditions economy the economy doesn't stable.

In countries that have proceed Where enforcement law Already walk with well, condition economy public in a manner general Already Enough or more from enough, so the modus operandi of practices cheating becomes more little. There is indication fraud or cheating/irregularities in something company or agency government carried out by employees.

deviation This Can happens in various layer Work organization, both in parts management peak company nor official tall something agency.

The efforts made by the owner company, manager company and employees For increase performance No will Once achieved If in company Still entrenched actions cheating. In framework give something effect deter, minimize loss consequence cheating and fixing system control so If There is indication strong happen something fraud , company expected take the right action with conduct investigative audits. Company that owns risk loss finance Because action fraud that occurred can disclose Who the doing party fraud that 's next will asked accountability For replace loss company. Next to have impact effect wary so need taken action Good administrative nor law to perpetrator cheating . Related with follow carry on in a manner law on fraud is found , then company must own thorough consideration _ covers aspect finance company and related legal aspects with regulation to employee nor to company. With thus, effectiveness disclosure fraud that occurred in the company will give mark plus especially for recovery of losses that occur, refinement system controlling and making perpetrator potential other fail do cheating. In turn , action This will give impact positive for mark company Because will possible company For improve management with enhancement performance company Good from aspect economical procurement, efficiency of business processes and effectiveness of work programs company. Auditors have important role _ in detection and prevention fraud presentation report finance.

Auditors are responsible answer For plan and perform audits for obtain sufficient confidence about is report finance free for a material misstatement , whether or not it occurred on mistake or cheating . In matter this , author do purposeful research For detect cheating and knowing What just the role of internal auditors fraud reports finance.

3 Research Methods

Study this is study literature (literature review). Aim in a manner systematic review existing literature about Factors Reason Happening Fraud. Literature review is research that examines or review in a manner critical knowledge, ideas, or the findings contained within studies before. Objects in research this is secondary data in the form of cheating fraud with use document or articles supporters with theme fraud. Temporary method study qualitative interpreted as something tool measuring or tool qualitatively done for reflect topic/object research. Literature data collected and analyzed with understanding interpretation from describing writer factors reason happening fraud.

4 Research Result

Based on the results of research related to pre-existing research journals, there are factors that cause financial report fraud. Based on the results of Hendrik Manassok's research, the factors that cause fraud to occur in the government in North Sulawesi province are the existence of aspects of pressure on officials, opportunities for officials and reasons to justify officials. The results of this study are in line with the results of Fimanaya and Muhamad Syafruddin's research with a journal entitled. Factors causing fraud is the influence of pressure, opportunity, and rationalization of the possibility of fraudulent financial statements. The analytical technique used in this study is logistic regression with a stepwise method. Meanwhile, according to Ricky, Rida Rsitiyana, Mahdi etc. the factors that influence the occurrence of

fraud are internal control, salary appropriateness, and leadership style. The results of Lusy Suprajadi's research. Where the results of research on the causes of fraud are the existence of fraud risk assessment procedures, the audit team must identify fraud risks together into the elements of the fraud triangle. The risks that have been classified into the elements of the fraud triangle will later be assessed for their significance level based on professional judgment. Fraud.

Furthermore, there are research results from Prapti Antariyata and Raras Ega Purnomo. The result is that the factors that cause fraud are the existence of organizational justice, internal control, appropriateness of compensation, and information asymmetry. The results of this study indicate that organizational justice and internal control have a significant effect on motivation to commit fraud. The results of this study are in line with the research of Wawan Setiawan, Nasron Alfianto and Willyanto Kartiko Kusumo, where the factors that influence the occurrence of fraud in the government sector at the Semarang City Service are leadership style, effectiveness of the internal control system, organizational commitment, suitability of compensation, culture organizational ethics and perceptions of law enforcement. Furthermore, the results were written by Fira Fimanaya and Muhamad Syafruddin, where the factors causing fraud are share ownership by directors and commissioners can reduce the profitability of fraud, therefore companies are advised to consider ownership of shares by directors and commissioners to improve their performance to reduce the possibility of fraud in the company.

5 Conclusion

Based on results study before, got dis impulsed that there are 3 factors that can influence in a manner significant to fraud internal fraud reporting finance. Factor the is Pressure, Opportunity and Rationalization. An auditor also plays a role important in company for serve reporting finance. Because of cheating own element deception, trust , deceit power, and concealment strategy , then need exists understanding theory fraud , the factors that give rise fraud , observing signal cheating and understanding scenario fraud as well as methodology designed for find fraud is step systematic For detect happening fraud or fraud in something company. Very influential thing procedure further audit testing is exists results assessment risk fraud in room upper audit scope report finance

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