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Improving The Integrity Of Soes: Governance Study On The Level Of Fraud In The Company Listed On The Idx (2020-2023)

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Abstract

This study aims to analyze the influence of corporate governance, represented by the number of audit committees, the proportion of independent commissioners, and the number of internal board meetings, on the level of fraud in state-owned enterprises (BUMN) during the period of 2020–2023. The research method used is a literature study with a quantitative descriptive approach using secondary data as the data source. The data obtained from BUMN companies listed on the Indonesia Stock Exchange (IDX) is processed and analyzed using Stata software. The results show that the number of audit committees and the number of internal board meetings can reduce the level of fraud, but their impact is not significant. On the other hand, the proportion of independent commissioners tends to increase the level of fraud, although this effect is also not significant. This study emphasizes the importance of companies improving the quality and competence of the audit committee and independent commissioners to perform their oversight roles more effectively. Additionally, corporate financial reporting needs to be enhanced to achieve transparency and accountability in reducing the potential for fraud. Furthermore, the government, as a regulator, must tighten corporate governance requirements and encourage the implementation of technologies, such as digital fraud detection, to improve internal oversight systems and minimize fraud risks.

Keywords: Corporate Governance, Audit Committee, Independent Commissioners, Internal Board Meetings, Fraud, Transparency, Accountability

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1. Introduction

The State-Owned Enterprise (BUMN) is a form of company owned by the government. One of the main actors in the national economy in addition to cooperatives and private enterprises operating in many fields, including energy and mining, finance and banking, telecommunications and media, transportation and logistics, construction and infrastructure, manufacturing, meters and maritime, agriculture, plantations, and food, fisheries, as well as health and pharmaceuticals. In the financial services sector, PT Bank Mandiri (Persero) Tbk (BMRI) and PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) are the two largest companies that dominate the national banking market. Both of them not only play a role in the provision of financial services, but also in supporting government programs, such as MSME financing and infrastructure. In the energy sector, PT Perusahaan Gas Negara Tbk (PGAS) plays a crucial role in national gas distribution, while PT Bukit Asam Tbk (PTBA) is one of the largest coal producers in Indonesia.

Furthermore, in the infrastructure sector, PT Telkom Indonesia (Persero) Tbk (TLKM) is the largest telecommunications company in Indonesia that supports national digital transformation, while PT Jasa Marga (Persero) Tbk (JSMR) is the leading toll road manager connecting various regions in Indonesia. In the basic materials sector, PT Semen Indonesia (Persero) Tbk (SMGR) plays an important role in the provision of construction raw materials, while PT Timah Tbk (TINS) is the largest tin producer in the world. In the health sector, in addition to PT Indofarma, there is also PT Kimia FarmaTbk (KAEF) which plays a role in the distribution of medicines and medical devices. Finally, in the transportation and logistics sector, PT Garuda Indonesia Tbk (GIAA) is a national airline that connects Indonesia with the world.

In a company, governance is needed to regulate and control the company with the aim of creating added value for stakeholders. The main principles of governance include transparency, accountability, responsibility, independence, and justice (Sudirman et al., 2021). The implementation of good corporate governance is able to improve financial performance so that the practice of financial manipulation with profit management can be minimized (Dharma et al., 2021; Mardianto, 2021; PermataSari et al., 2023).

The main elements that affect corporate governance include the board of directors, the board of commissioners, managerial ownership, and the audit committee. In its duties and functions, the board of directors is responsible for ensuring that policies run in accordance with the principles of good corporate governance (vianto, 2024; Sari, 2025; Tresnadi & Mangkuto, 2025)While the board of commissioners, whose role is to oversee management policies in the aspect of financial transparency, the more independent the board of commissioners, the less likely it is to manipulate financial statements (Abdulkareem & Mohd Ramli, 2022). Likewise, the audit committee functions as an independent supervisor of the compliance section of accounting standards and financial regulations.

However, these elements can be factors that hinder corporate governance due to the lack of independence of the board of commissioners, ineffective audit committees, and imbalances in share ownership between management and external shareholders that can create conflicts of interest (Darma, 2020; Febriendy Darise et al., 2021). Increasing the effectiveness of the board of directors, board of commissioners, managerial ownership, as well as strengthening the role of the audit committee by increasing the competence of the board of directors and commissioners through training, as well as the use of technology in financial management such as a digital-based audit system can help companies in implementing a more transparent and accountable governance system.

BUMN as one of the main actors that have an important role in national economic development are currently still in the public spotlight in fraud cases. This is because several cases of financial statement fraud that have recently occurred in Indonesia are in state-owned companies (Reskino & Bilkis, 2022). Fraud is an endless problem for state-owned companies in Indonesia (Azizah & Reskino, 2023; Reskino et al., 2023). One of them is PT. Indofarma, which is engaged in the pharmaceutical sector, has an important role in medicines and medical devices for the people of Indonesia. In its big role, PT. Indofarma is even facing fraud problems that cause huge losses to state finances and a decline in public trust in SOEs and the government.

The fraud case that occurred at PT. Indofarma shows weaknesses in the management control system. Previous research such as conducted by (Anugerah, 2014) revealed that an increase in the number of audit committees can reduce the level of fraud in the company. (Fernanda & Susilo, 2025) added that internal control will be more effective if the board of commissioners does not receive pressure from internal parties.

Although there are a number of studies that discuss the relationship between corporate governance factors and fraud prevention, research that specifically examines the influence of audit committees, the proportion of independent boards of commissioners, and the frequency of internal board of commissioners meetings on the level of fraud in SOEs is still very limited. In addition, most of the existing research focuses more on large companies, with few examining SOEs such as PT. Indofarma which has a unique governance structure. This shows the need for further exploration of how these governance factors affect fraud in SOEs, as well as their implications for improving governance practices in the sector. This study will fill this gap by examining in depth the specific role of the audit committee, the proportion of the independent board of commissioners, and the frequency of internal meetings of the board of commissioners in the context of SOEs which have different governance challenges compared to large private companies. Thus, this study is expected to provide new insights into how good governance practices can reduce the risk of fraud in SOEs and provide applicable recommendations for improving governance policies in the public sector.

In addition, this study uses a quantitative methodology with data analysis techniques using Stata software, which provides a novel statistical approach to test the influence of governance variables on fraud. Although Stata is widely used in various fields of economic and business research, very few previous studies have used Stata in the context of analyzing the relationship between governance factors and fraud rates in SOEs. Therefore, the use of Stata in this study makes a significant contribution in enriching the research methodology in this areaThis study aims to analyze the influence of corporate governance represented in the number of audit committees, the proportion of independent boards of commissioners, and the number of internal meetings of the board of commissioners on the level of fraud in PT. Indofarma period 2019–2023.

2. Literature Review

2.1 Agency Theory

Jensen & Meckling (1976) argues that in agency theory, the emergence of agency relationships arises when one or more principals give orders to the management of the company (agent) to run the company on behalf of the principal and give full authority to the agent. The Independent Board of Commissioners and the Audit Committee are part of a supervisory mechanism that acts as a monitoring tool for principals for agents (Ats'tsaqafiyah & Reskino, 2023) (Mohammad et al., 2024). This agency relationship will give rise to the potential for conflicts

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of interest due to information asymmetry (Ananda & Aryati, 2025; Yunikayanti & Wirajaya, 2025). This condition makes it difficult for the principal to supervise the agent's actions and ultimately results in the incurring of agency fees. Therefore, companies need to implement corporate governance to reduce conflicts between agents and principals. In addition, transparency in financial statements also needs to be improved to provide trust between principals and agents and reduce the potential for fraud committed by agents. In the government sector, agency relationships can occur, especially in state-owned enterprises (Khanida & W, 2022; Kurniawan & Reskino, 2023). The minister as the principal appoints the directors of SOEs as agents. The SOE Board of Directors has responsibility for the management of the company to the minister and the community. The Independent Board of Commissioners and the Audit Committee are part of the monitoring mechanism that acts as a monitoring tool for the principal of the Agent.

2.2 Institutional Theory

Institutional theory is very closely related to social structures that show schemes, norms, or rules that apply routinely and ultimately form authoritative social behavior. So that in the context of value, the institution is not only a habit that occurs but how the action is repeated or produced. For example, in a group of organizations that form an institutional life consisting of customers, suppliers, competitors, and of course regulators who want a goal that requires them to adapt to their environment. This results in the repeated imitation of actions by one unit to another because they are both in similar conditions. That is what is called isomorphism, which is related to the continuous process of institutionalization. Furthermore, in line with this condition, there can be a process of institutionalization, deinstitutionalization, or reinstitutionalization (Istiqomah, 2018). For example, in SOEs, institutionalization may be different according to the field of operation because there are three types of pressure that demand isomorphism conditions that can affect these differences gradually. First, there are normative pressures, when professionalism increases, the norms or knowledge of formants in the supporting field will spread. Second, mimetic pressures where organizations imitate other organizations that succeed in one field without knowing the exact reason and not because of the push to be more efficient. Third, coercive pressures are the process of adjustment towards similarity with coercion. The pressure that comes in political influence and legitimacy issues to be more recognized.

2.3 Fraud

fraud according to (ACFE, 2020) is a form of unlawful acts with intentional elements for special purposes (falsifying or submitting inappropriate reports to other parties) carried out by parties from inside or outside the organization and can harm others either directly or indirectly (Prihatini, 2021). ACFE in the Report to the Nation survey in the global region divides fraud into three main types, namely corruption, asset misappropriation, and financial statement fraud (Christian et al., 2024) Various theories have been developed into methods to detect fraud. Initially, the theory of fraud was developed by Cressey (1953) in fraud triangle theory. This theory was then developed by Wolfe & Hermanson (2004) into the diamond fraud and Crowe (2011) into the pentagon fraud theory. Then in 2019, these theories evolved into the fraud hexagon theory put forward by Vousinas. Fraudhexagon consists of six factors known by the abbreviation SCCORE, namely Stimulus, Capability, Collusion, Opportunity, Rationalization, and Arrogance (Ego) (Suri, 2023).

Furthermore, the development of fraud theory was carried out by Reskino (2022) by introducing fraud heptagon in his dissertation entitled Fraud Prevention Mechanisms and their Influence on Performance of Islamic Financial Institutions". This theory intends to fill the gap in the previous literature that slightly explains the occurrence of fraud from 4 religious and cultural actors. The previous five dimensions, namely pressure, opportunity, rationalization, competence and arrogance, were derived from the previous fraud theory (fraud triangle, diamond fraud and pentagon fraud). Reskino (2022) adds two more dimensions to The theory of cheating exists to explain the occurrence of cheating based on 5actorsculture and religion. This theory explains that fraud occurs based on the premise that a person/group commits fraud due to weak faith and the formation of a good culture in a company. Fraud heptagon theory has seven dimensions, namely pressure, opportunity, rationalization, competence, arrogance, culture and religion. The motivation of people to cheat is due to 5 religious actors. This is strengthened by the findings of Mujib's (2018) research; Purnamasari & Amaliah (2015); Rifdayanti et al. (2020); Said et al. (2018) which proves that fraud occurs due to a person's weak faith. In addition, another component is culture where the culture of an organization has an important role in shaping the character of its employees to behave well.

2.4 Beneish Ratio Index Method

In the era of increasingly sophisticated technology, it is possible to use these technological tools not only to help make work easier. However, it is actually misused as a fraud tool to deceive stakeholders, both entities and investors. In relation to the financial reporting process, various forms of fraud, both detected and undetected, can have a detrimental effect. The consequence is that the detection of fraud is an important issue. The ability to accurately identify fraud is a necessity (Dede, 2023). One of the methods for detecting financial statement fraud uses the Beneish Model by Beneish (1999). The Beneish Model includes eight ratios to detect financial fraud with a tendency to focus on profit manipulation. Among them are the receivables sales index, gross margin index, asset quality index, sales growth index, depreciation index, operational and administrative cost index, total asset ratio, and leverage index. The accuracy level of the Beneish RatioIndex reaches 71%, although it has not yet reached 100% but is very helpful in being able to make decisions that are not detrimental (Zulzilawati & Wahyuni, 2021).

The following is the calculation according to Beneish (1999) (Kurniasari et al., 2024):Beneish M-Score = -4.84 + (0.92 x DSRI) + (0.528 x GMI) + (0.404 x AQI) + (0.892 x SGI) +(0.115 x DEPI) – (0.172 x SGAI) + (4.679 x TATA) – (0.327 x LVGI)

Hypothesis

The Effect of the Number of Audit Committees on the Level of Fraud

Nurliasari & Achmad (2015) states that the existence of independent audit committee members from outside the organization is an effort to reduce agency problems, lack of supervision of organizational management. In Kusumawardani et al. (2024), the task of the audit committee is to review information and financial statements for compliance with regulations and provide independent reviews. The position of the audit committee in the company can be an observer and detect fraud in financial statements so that the existence of an audit committee that performs its role in the company can affect the disclosure of fraud in the company. The number of audit committees that can encourage a good monitoring system of accounting and financial reporting practices in the company.

Previous research such as Trijayanti, Hendri, & Sari (2021), and Anugerah (2014) stated that the audit committee has a positive effect in reducing the level of fraud. This means that the more audit committees in a company can reduce the level of fraud. However, research from Handoko & Ramadhani (2017) has a different finding that the increasing number of audit committee members does not have an effective influence in suppressing fraud.

H1: The number of audit committees is influential in fraud rates

The Influence of the Proportion of the Independent Board of Commissioners on the Level of Fraud

The existence of the principal agent problem in the company causes asymmetric information between shareholders and the company's management, so that it can cause the potential for fraud to be carried out by the company's management as an agent (Tan et al., 2022). Thus, the existence of a board of commissioners is expected to be able to be a supervisor and protect the interests of the company's shareholders from potential fraud from company management and reduce agency costs (Wahyudi & Dewayanto, 2023). With the increasing proportion of the number of independent boards of commissioners in the company who carry out their functions as supervisors and protect the interests of shareholders, it will further pressure the management not to commit fraudulent acts.

According to Intia & Azizah (2021), an independent board of commissioners is a commissioner who has no affiliation with shareholders and acts to protect the interests of minority shareholders and decision-making. In line with research by Chairiri (2022), the independent board of commissioners carries out its duties effectively because it is not under pressure from the company's internal parties. That way, the company's internal control will be stricter because of the supervision of the independent board of commissioners, thereby reducing the level of fraud.

H2: The proportion of independent board of commissioners affects the level of fraud

The effect of the number of internal meetings of the board of commissioners on the level of fraud

The board of commissioners needs to hold a meeting to discuss the problems experienced by the company. The frequency of the number of meetings of the board of commissioners provides an opportunity for interdewav to discuss problems that occur in the company, including discussions related to fraud that occurs in the company (Kusumawardani et al., 2023). The meeting of the board of commissioners can show the existence of monitoring to the management in an effort to solve problems that exist in the company, including the possibility of fraud. Thus, the increasing number of board of commissioner meetings can be an indication that there are more and more problems that are a topic in the company and the opportunity for fraud to occur in the company.

Research from Maharani & Ainiyah (2022) and Wahyudi & Dewayanto (2023) states that internal meetings of the board of commissioners with intensity often indicate that the company is experiencing major problems and these problems lead to fraud in financial statements.

H3: The number of internal meetings of the board of commissioners has an effect on the level of fraud

3. Methode

The research uses a descriptive quantitative approach by referring to various journals, supporting articles, and authentic data contained in the financial statements and annual reports of SOEs for 2020-2023. Some of the data was also obtained from the results of an audit conducted by the Financial Audit Agency (BPK) on the company concerned. The types of data used are secondary data in the form of financial statements and annual reports of SOEs for the 2020-2023 period, as well as literature studies relevant to the research topic.

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The data collection method used consists of two main techniques, namely documentation studies and literature studies. The documentation study was conducted by collecting data from financial statements that have been audited by SOEs that can be accessed through situswww.idx.co.id, as well as annual reports available on the official websites of each SOEs for the 2020-2023 period. In addition, literature studies are conducted to obtain additional relevant information from various literature sources, such as books, scientific articles, and other publications related to research topics.

The sample selection in this study uses the purposive sampling method, that is, sample selection based on research objectives with several relevant considerations. The selected sample is a state-owned company that meets certain criteria in accordance with the focus of the research. To test the hypothesis in this study, a multiple linear regression analysis method was used using the Stata platform. Before conducting a regression analysis, a classical assumption test is first carried out to ensure that the data meet the basic requirements needed so that the analysis results can be considered valid and reliable.

4. Result and Discussion

Descriptive Statistical Results

a. Data Normality Test

The Shapiro-Wilk normality test is a statistical test of data that is carried out to find out whether the existing data is normally distributed. The null hypothesis in this test is normally distributed data and the alternative hypothesis is that the data is not normally distributed so that if the value of the P-value test in the Shapiro-Wilk normality test is more than the level of significance, then the data is normally distributed.

Table 1. Shapiro-Wilk Test

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
komite_audit	80	0.99158	0.578	-1.200	0.88497
dewan_komi~n	80	0.97934	1.418	0.765	0.22215
rapat_dewa~s	80	0.97627	1.629	1.069	0.14248
tingkat_fr~d	80	0.97538	1.690	1.150	0.12514

The results of the test table show that the dependent and independent variables have a probability value above 0.05, meaning that all variables are normally distributed.

b. Multicollinearity Test

The multicollinearity test is a statistical test that is carried out to see if a variable has a strong correlation or if the variable is the same independent variable. This test is carried out before the regression test because a good regression model does not contain multicollilinear data. One of the multicoloniality test methods is to use VarianceInflation Factor (VIF). If the result of the VIF value shows a number above 10, the result shows that the independent variable is multicolinier.

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Table 2. Multicollinearity Test

Variable	VIF	1/VIF
rapat_dewa~s	1.15	0.872750
komite_audit	1.10	0.910443
dewan_komi~n	1.05	0.953508
Mean VIF	1.10	

The results of the multicollinearity test table show that the variables of the board of commissioners, audit committee, and independent board of commissioners have a VIF value of less than 10 which means that each of these independent variables has no correlation with each other.

c. Multiple Linear Regression

Multiple linear regression is the formation of a regression model to measure the influence of several independent variables on a dependent variable value. The multiple linear regression model will produce a relationship between independent variables and their bound variables.

Table 3. Multiple Linear Regression Test

Source	SS	df	MS
Model	.343191544	3	.114397181
Residual	16.8443085	76	.221635638
Total	17.1875	79	.217563291

Number of obs	=	80
F(3, 76)	=	0.52
Prob > F	=	0.6724
R-squared	=	0.0200
Adj R-squared	=	-0.0187
Root MSE	=	.47078

tingkat_fraud	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
komite_audit	-.112987	.4042419	-0.28	0.781	-.9181045	.6921305
dewan_komisaris_independen	.4118667	.3573977	1.15	0.253	-.2999525	1.123686
rapat_dewan_komisaris	-.011713	.1244854	-0.09	0.925	-.2596472	.2362212
_cons	.1814038	.3020842	0.60	0.550	-.4202491	.7830568

Based on the results of the partial test, it can be concluded that:

1. The audit committee variable measured by the number of audit committees in charge has a coefficient value of -0.112987 and a probability of 0.781 which is greater than the significance level of α = 0.05 which means that the audit committee variable has a negative but not significant effect on the level of partial fraud.
2. The variable of the independent board of commissioners measured by the proportion of the independent board of commissioners to the number of board of commissioners has a coefficient value of 0.4118667 and a probability of 0.253 which is greater than the significance level of α = 0.05 which means that the variable of the independent board of commissioners has a positive but not significant effect on the level of partial fraud.
3. The variable of the internal meeting of the board of commissioners as measured by the number of meetings of the board of commissioners each year has a coefficient value of -0.011713 and a probability of 0.925 which is greater than the significance level of α =

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0.05 which means that the variable of the internal meeting of the board of commissioners has a negative effect 0 but is not significant to the level of partial fraud.

4. The three variables simultaneously have a probability value of F of 0.6724, which is greater than the significance level of α = 0.05, meaning that simultaneously these variables do not have a significant effect on the level of fraud in SOEs in 2020-2023.
5. The R-Squared value shows a figure of 0.0200 or 2.00%, meaning that there are still 98% of other factors that affect the level of fraud.

Discussion

a. Analysis of the Influence of the Number of Audit Committees on the Fraud Level

The first hypothesis of this study is that the number of audit committees affects the level of fraud. Based on the results of the analysis, the variable of the number of audit committees shows a probability value more than the significance level of α = 0.05, which is 0.781. Therefore, the first hypothesis is rejected, which means that the number of audit committees has no significant influence on the level of fraud.

These results show that the number of audit committees cannot ensure that supervision is effective. The increase in the number of audit committees does not affect on Decrease in fraud rates, because the number of audit committee members does not necessarily reflect their quality and performance in reducing fraud. The competency and independence factors of audit committee members are more influential in minimizing the potential for fraud.

In relation to the Fraud Heptagon theory, one of the main aspects of this theory is Opportunity. Although increasing the number of audit committees can be considered an effort to reduce the chance of fraud by increasing supervision, a larger number is not always directly related to the quality of such supervision. If members of the audit committee do not have sufficient competence or independence, they may not be able to take advantage of the opportunities available to identify and prevent fraud. In other words, even though the number of members is increasing, its influence on Opportunity to cheat remains open.

In addition, the Fraud Heptagon theory also includes Pressure and Rationalization, which are related to the internal pressures faced by individuals or management in committing fraud, as well as how they justify these actions. Although audit committees are there to reduce the chances of fraud, they may not be able to address the pressures or rationalizations that arise in the organization, which are often the main drivers of fraud.

This is in line with research conducted by Nurliasari & Achmad (2015), which states that although the number of independent audit committee members is increasing, it does not effectively reduce fraud rates. However, on the other hand, there are also opinions that support that the number of audit committees has a positive effect on fraud reduction, as conveyed by Larasati et al. (2020). In the study, measurement using a moderation variable (EXPERTISE) that compares the number of audit committee members with the ratio of audit committee proportions shows that increasing the number of audit committees can minimize fraud and better help the company's internal supervision

b. Analysis of the Influence of the Proportion of the Board of Commissioners on the Fraud Level

The second hypothesis of this study is that the proportion of the independent board of commissioners has an effect on the fraud rate. Based on the results of the analysis, the variable of the proportion of the board of commissioners showed a probability value greater than α = 0.05, which was 0.253. Therefore, the second hypothesis is rejected, which means that the proportion of the independent board of commissioners does not have a significant influence on the level of fraud.

These results show that the proportion of independent boards of commissioners cannot guarantee independence in accordance with expectations. There is a potential for a relationship between the board of commissioners and the management that can cause fraud. In addition, the number of independent boards of commissioners does not always reflect the quality of the supervision carried out, because the independent board of commissioners does not have a direct relationship with the company. A more influential factor is the quality of the role of the board of commissioners in carrying out supervision and other responsibilities.

In relation to the Fraud Heptagon theory, which explains that fraud is affected by seven interrelated factors, the proportion of independent boards of commissioners can be related to several aspects of this theory. For example, one of the main factors in the Fraud Heptagon theory is Opportunity, which is related to the ability to effectively supervise. The independent board of commissioners is expected to reduce opportunities for management to commit fraud through strict supervision. However, if the proportion of the independent board of commissioners is not large enough or the quality of their supervision is low, then the chance of fraud remains high.

In addition, the Fraud Heptagon theory also includes Pressure and Rationalization, which are related to the internal factors of the company that drive individuals to commit fraud, as well as how they justify such actions. Although the board of commissioners can reduce the pressures or rationalizations that arise in the organization, if the proportion of its independent members is not effective enough in carrying out supervisory duties, these factors may remain uncontrolled, which ultimately opens up loopholes for fraud.

The same thing was also conveyed by Susianti & Yasa (2015), who stated that the existence of an independent board of commissioners does not have a significant effect on the potential for fraud. The board of commissioners as a supervisor has not yet functioned optimally, because the addition of members of the board of commissioners is more often seen as the fulfillment of formal obligations. Meanwhile, stakeholders still hold a dominant role, so that the performance of the board of commissioners does not increase and even tends to decrease. This is what makes the board of commissioners ineffective, and the supervisory function that should be carried out is not optimal. This finding is different from the results of the research by Tan et al. (2022), which stated that the existence of an independent board of commissioners has a significant negative influence on financial reporting fraud, because the greater the proportion of the independent board of commissioners, the stricter the supervision of management to avoid fraudulent acts.

c. **Analysis of the Effect of the Number of Internal Meetings of the Board of Commissioners on the Level of Fraud**

Hypothesis 3 of this study is that the number of internal meetings of the board of commissioners affects the level of fraud. Based on the results of the analysis, it was shown that the variable number of internal meetings of the board of commissioners

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had a probability value of more than α = 0.05, which was 0.925. Therefore, hypothesis 3 was rejected, which means that the number of internal meetings of the board of commissioners has no significant influence on the level of fraud.

These results show that the frequency of internal meetings of the board of commissioners cannot ensure that the discussion at the internal meeting of the board of commissioners discusses the problem of fraud that occurs in the company. This shows that even though internal meetings are held regularly, if there is no in-depth discussion on the aspects of supervision and fraud prevention, the number of meetings will not have a significant effect on fraud reduction. In addition, this condition is also influenced by the asymmetry of information between the board of commissioners and management. Management often has more in-depth information about the company's internal conditions so that they can provide information that does not fully reflect the actual conditions, which can ultimately limit the effectiveness of board of commissioner meetings in identifying and addressing fraud.

This finding is in line with research from Kusumawardani et al. (2023) who stated that the board of commissioners meeting did not have a significant effect because the meeting did not necessarily focus on discussing fraud in the company. This is also in line with the results of research from Wahyudi & Dewayanto (2023). Meanwhile, Angelita and Hasnawati (2023) in their research revealed a significant influence between the number of meetings held by the council commissioners with a level of fraud. It is said that the average number of board meetings in a year is 8.36 times which shows the strong supervision of the board of directors on the performance of the board of directors, knowing the company's issues, and being able to provide input to the board of directors for the progress and achievement of the company's targets.

5. Conclusion

Based on the results of the research that has been conducted, it can be concluded that the variables of the number of audit committees, the proportion of the independent board of commissioners, and the number of internal meetings of the board of commissioners partially or simultaneously do not have a significant effect on the level of fraud in SOE companies in 2020-2023. The probability value of the three variables is greater than the significance level α = 0.05, indicating that the effect on fraud is not significant.

These findings indicate that to improve integrity and prevent fraud in SOEs, further strengthening of corporate governance is needed, especially in the aspects of supervision and independence. In addition, an R-Squared value of 2.00% indicates that only 2% of the variation in fraud rates can be explained by these three variables, while the remaining 98% is influenced by factors outside the research model. This confirms that corporate governance, while important, is not enough to significantly reduce fraud rates without paying attention to other, deeper factors. Factors such as competence, independence, quality of supervision, and information asymmetry between the board of commissioners and management may be more influential. These findings confirm that the number of audit committees, the proportion of independent board of commissioners, and the frequency of internal meetings of the board of commissioners have not been able to ensure the effectiveness of supervision in reducing fraud. Factors such as competence, independence, quality of supervision, and information asymmetry between the board of commissioners and management may be more influential.

This finding is in line with the Fraud Heptagon theory, which states that fraud occurs due to a combination of Opportunity, Rationalization, and Pressure. In this case, even if there is an internal meeting conducted by the board of commissioners, the opportunity for fraud remains open if there is information asymmetry or if internal control is not effective. Therefore, although the number of audit committees, the proportion of independent board of commissioners, and the frequency of internal meetings of the board of commissioners play a role in supervision, other factors such as the quality of supervision and transparency of information are more influential in minimizing fraudulent acts. Therefore, a more comprehensive approach is needed and attention is needed to other factors to minimize fraud in SOE companies.

This research has several limitations. First, the data from the study is only limited to the 2020-2023 period, so it cannot describe its long-term effects. Second, the research is limited to state-owned companies listed on the Indonesia Stock Exchange so that the results of the research cannot be generalized and can have different results. However, the findings of this study have important implications for the literature on corporate governance of SOEs, providing deeper insights into the influence of audit committees, independent boards of commissioners, and the frequency of internal board meetings in improving integrity and reducing fraud.

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