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Audit Committee's Role in Moderating Auditor Reputation and Tenure Effects on Financial Statement Fraud

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ABSTRACT: This study investigates the impact of auditor reputation and audit tenure on financial statement fraud, with the audit committee acting as a moderating variable. The research analyzed 20 consumer cyclical companies listed on the Indonesia Stock Exchange from 2020 to 2023. Using a quantitative approach with multiple and moderated regression analysis. The results show that auditor reputation has a significant negative effect on financial statement fraud, while audit tenure has no significant individual effect. However, both variables jointly have a significant impact. Furthermore, the audit committee does not significantly moderate the relationship between either auditor reputation or audit tenure and financial statement fraud. These findings highlight the limited role of audit committees in enhancing fraud prevention and emphasize the need for strengthened governance mechanisms.

KEYWORDS: Auditor Reputation, Audit Tenure, Audit Committee, Financial Statement, Fraud, Consumer Cyclical Companies

I. INTRODUCTION

In today's business landscape, financial statement manipulation has become a pressing concern among scholars and regulators. Although financial reports are intended to provide a true and fair view of a company's financial condition, pressures to meet market expectations, attract investors, and maintain credibility often lead firms to distort information, resulting in financial statement fraud that undermines corporate integrity and transparency (Khamainy et al., 2021).

Agency theory (Jensen & Meckling, 1976) posits that managers often possess greater access to information than shareholders, resulting in information asymmetry and agency conflicts (Yulianti et al., 2023) that may increase the likelihood of fraudulent financial reporting. Managers, who are entrusted with decision-making authority, may pursue personal interests that conflict with shareholder objectives (Zahara & Ratnawati, 2024). Consequently, effective monitoring through external and internal governance mechanisms becomes essential to reduce opportunistic behavior. External auditors provide independent assurance of the reliability of financial statements, while audit committees strengthen oversight within the organization. However, the extent to which auditor characteristics, particularly reputation and tenure, influence the effectiveness of fraud detection remains mixed, especially when moderated by audit committee quality. Thus, this research is motivated to address that gap by examining how auditor-related factors and governance structures jointly affect the risk of financial statement manipulation, offering empirical insights into strengthening corporate accountability and reporting integrity.

Auditor reputation is recognized as a marker of high audit quality, supported by greater resources, global networks, and strong credibility incentives (DeAngelo, 1981). Reputable auditors uphold rigorous standards, independence, and ethical conduct, minimizing the risk of errors or fraud. Nejad et al. (2024) showed that reputable, especially large, audit firms effectively limit fraudulent reporting in emerging markets. Similarly, Chen et al. (2013) found that reputable auditors' modified opinions in China act as reliable fraud warnings, while Perera & Wijerathna (2021) identified Big 4 affiliation as key to perceived audit quality. In Indonesia, Kinanti (2023) emphasized that an auditor's reputation enhances stakeholder trust in financial reporting accuracy.

Another determinant of audit effectiveness is audit tenure, defined as the duration of the auditor–client relationship. The link between audit tenure and financial reporting quality remains debated. Proponents argue that longer tenure enables auditors to gain deeper firm-specific insights, improving efficiency and fraud detection (Cassell et al. 2016; Patterson et al. 2019). However, extended relationships may impair independence and reduce professional skepticism. Tepalagul & Lin (2014) warn that familiarity and economic ties can compromise objectivity, while Nursyamsyiyah et al. (2024) note that prolonged tenure may cause audit fatigue, diminishing alertness to fraud. Indonesian evidence supports these risks: Pitria & Miftah (2024) found reduced reporting quality in long-tenure insurance audits, and Karno et al. (2022) reported inconsistent effects across firms. Collectively, the literature reveals both advantages and drawbacks, suggesting that while extended tenure enhances auditor knowledge, it may also threaten independence—necessitating deeper examination within the Indonesian context.

Audit Committee's Role in Moderating Auditor Reputation and Tenure Effects on Financial Statement Fraud

Audit committees are key components of corporate governance that promote financial integrity through oversight of reporting, internal controls, and audit processes. Comprised of independent experts in accounting, finance, or law, they enhance auditor independence and managerial accountability. Research shows their importance: Beasley (1996) linked active audit committees to reduced fraud, while Tragouda et al. (2024) found that they strengthen fraud detection globally. In Indonesia, Nursyamsyiyah et al. (2024), Martha and Wenny (2023), and Adhitama et al. (2023) confirmed their role in improving reporting integrity. However, Pitria & Miftah (2024) emphasized that effectiveness depends on independence, expertise, and engagement, not size.

Although extensive research has examined factors influencing audit effectiveness, findings remain inconsistent. Globally, studies generally agree that auditor reputation, tenure, and audit committees contribute to higher financial reporting quality and reduced fraud (Cassell et al., 2016; Chen et al., 2013; Perera & Wijerathna, 2021; Tragouda et al., 2024). However, Indonesian evidence presents mixed outcomes. Positive impacts were noted by Kinanti (2023), who linked auditor reputation to stronger stakeholder trust, and Martha & Wenny (2023), who found that audit tenure aids fraud detection. Conversely, Morisca (2022) reported no significant link between auditor reputation and fraud, Adhitama et al. (2023) found audit tenure had minimal impact, and Pitria & Miftah (2024) observed that large audit committees may not enhance reporting integrity. These inconsistencies highlight that the research on auditor reputation, tenure, and audit committees remains essential and post-pandemic (2020–2023) studies are important despite heightened financial pressures that could increase fraudulent reporting risks.

Addressing these gaps, this study makes three key contributions. First, it integrates auditor reputation (Big 4 affiliation), audit tenure, and audit committees into a unified framework, offering a holistic view of monitoring mechanisms. Second, it applies the Beneish M-Score, which has been validated globally and nationally, to detect earnings manipulation in Indonesia. Third, it focuses on financial statement fraud in the consumer cyclical sector during 2020–2023, a post-pandemic period of financial strain and heightened fraud risk. Overall, the study bridges contextual and methodological gaps while underscoring governance's role in preventing fraud during economic recovery.

Grounded in agency theory, financial statement fraud occurs when monitoring between principals and agents is weak. Thus, both external mechanisms (auditor reputation and audit tenure) and internal mechanisms (audit committees) are essential in mitigating fraud risk. This study examines financial statement fraud as the dependent variable, representing a severe form of corporate misconduct (ACFE, 2024). Auditor reputation, proxied by Big 4 affiliation, reflects audit quality and independence (DeAngelo, 1981), though prior Indonesian findings are mixed (Kinanti, 2023; Morisca, 2022). Further, audit tenure may enhance auditor familiarity yet threaten independence (Cassell et al., 2016; Tepalagul & Lin, 2014). Meanwhile, the audit committee serves as a moderating variable, as its oversight can influence auditor effectiveness in detecting fraud (Beasley, 1996; Ritonga et al., 2020). Focusing on Indonesia's consumer cyclical sector (2020–2023), this study then addresses prior inconsistencies and contributes insights for strengthening governance and fraud prevention practices.

Auditor reputation signifies the credibility and perceived quality of audit services (Kurniawati et al., 2025). According to agency theory, reputable auditors serve as external monitors that lessen information asymmetry between managers and shareholders (DeAngelo, 1981; Jensen & Meckling, 1976). Big Four auditors, in particular, are expected to uphold stricter procedures and greater independence due to their reputational stakes. Empirical evidence supports this: Hidayati & Djamil (2024) found reputable auditors less tolerant of fraudulent reporting, while Hidayat (2021) noted that their clients face tighter scrutiny. Internationally, Chen et al. (2013) observed that reputable auditors signal credibility, mitigating fraud risks. In Indonesia, Kinanti (2023) confirmed that auditor reputation strengthens stakeholder confidence in financial disclosures. Hence, the following hypothesis is proposed.

Based on previous discussion, auditor reputation reflects the credibility and perceived quality of audit services (Kurniawati et al., 2025). From the perspective of agency theory, reputable auditors act as external monitoring mechanisms that reduce information asymmetry between managers and shareholders (DeAngelo, 1981; Jensen & Meckling, 1976). Big Four auditors, in particular, are expected to apply stricter audit procedures and maintain higher independence due to reputational considerations. Empirical studies support this expectation. Hidayati & Djamil (2024) found that reputable auditors are less likely to tolerate fraudulent financial reporting. Hidayat (2021) noted that clients of reputable auditors face greater scrutiny, reducing the opportunity to commit fraud. Internationally, Chen et al. (2013) documented that reputable auditors provide credible signals that mitigate fraud risk. In the Indonesian context, Kinanti (2023) highlighted that auditor reputation increases stakeholder trust in financial disclosures. Based on this argument, the hypothesis can be formulated as follows:

H1: Auditor reputation has a negative effect on financial statement fraud.

Audit tenure, defined as the length of an auditor's engagement with a client, affects both familiarity and independence. From an agency theory perspective, longer tenure enhances monitoring through accumulated knowledge but may also compromise objectivity due to excessive familiarity (Jensen & Meckling, 1976; Tepalagul & Lin, 2014). Karno et al. (2022) suggested that extended tenure strengthens auditors' understanding and fraud detection, while Revaldi & Simbolon (2023) warned that it could reduce independence. In Indonesia, Martha & Wenny (2023) found tenure influences fraud reporting, yet Adhitama et al. (2023) saw no significant link. Pitria & Miftah (2024) noted weakened integrity with long tenure. Internationally, Cassell et al. (2016)

and Kamarudin et al. (2021) confirmed tenure's context-dependent impact on audit quality. This hypothesis is formulated as below.

H2: Audit tenure has a positive effect on financial statement fraud.

The effectiveness of an external auditor depends on both the auditor's reputation and audit tenure. Reputation reflects an auditor's credibility and expertise, while tenure influences the trade-off between accumulated client knowledge and potential independence loss. These factors jointly shape the auditor's capacity to prevent fraud. Chen et al. (2013), Nejad et al. (2024) and Kinanti (2023) found that reputable auditors curb fraudulent reporting. Concerning tenure, Martha & Wenny (2023) and Karno et al. (2022) showed positive effects on fraud detection, whereas Adhitama et al. (2023) found no relationship. Internationally, Gul et al. (2009) and Alzoubi (2018) demonstrated that both reputation and tenure interactively affect reporting quality, warranting further investigation. Based on this reasoning, the following hypothesis is formulated:

H3: Auditor reputation and audit tenure simultaneously have a significant effect on financial statement fraud.

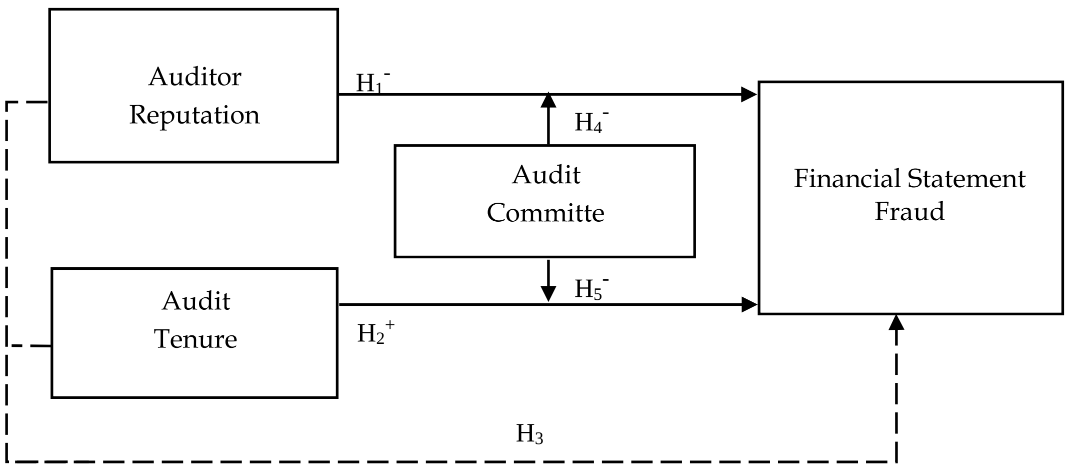
Audit committees function as internal governance bodies that reinforce external monitoring (Jensen & Meckling, 1976). They review audit results, ensure reliable reporting, and support auditor independence. When reputable auditors work alongside active audit committees, the risk of fraudulent reporting decreases. Silaban & Mayangsari (2022) showed that audit committees reduce fraud risk, while Astrawan & Achmad (2023) found that frequent meetings enhance governance. Internationally, Sealy & Simon (2025) and Cook et al. (2020) noted that auditor credibility strengthens under committee oversight. Similarly, Nejad et al. (2024) and Tragouda et al. (2024) observed that audit committees improve fraud detection and reinforce auditor effectiveness. Therefore, the hypothesis is formulated as follows:

H4: The audit committee negatively moderates the relationship between auditor reputation and financial statement fraud.

Audit tenure enhances auditors' understanding of clients but may threaten independence. Internal governance mechanisms like audit committees can mitigate these risks by reinforcing objectivity (Jensen & Meckling, 1976; Tepalagul & Lin, 2014). Ritonga et al. (2020) showed that active audit committees uphold auditor independence, while Noviani et al. (2024) found that tenure's impact on fraud reduction improves with effective committees. Martha & Wenny (2023) observed that audit committees strengthen fraud detection in long engagements, and Nursyamsyiyah et al. (2024) noted their role in preventing audit fatigue. Similarly, Cassell et al. (2016) emphasized that tenure's fraud-risk benefits depend on governance oversight. Based on this argument, the final hypothesis is:

H5: The audit committee negatively moderates the relationship between audit tenure and financial statement fraud.

Therefore, the conceptual framework of this study can be seen in the figure below.



Source: Research Data, 2025

Description:

: Partially

: Simultaneously

Figure 1. Conceptual Framework

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II. RESEARCH METHODS

This study employs a verification approach using the explanatory survey method, supported by quantitative statistical analysis. The data used are secondary data obtained from audited financial statements, auditor profiles, and corporate governance disclosures of consumer cyclical companies listed on the Indonesia Stock Exchange for the period 2020–2023. These data were accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id) and analyzed by using multiple regression analysis and moderated regression analysis.

To ensure clarity and consistency, each variable is defined and measured using established indicators from prior literature, as shown in Table 1.

Table 1 Operational Definition and Measurement of Variables

Variable	Definition	Measurement	Reference
Financial Statement Fraud	Intentional misstatements or omissions in financial statements aimed at misleading stakeholders.	Beneish M-Score, calculated using eight financial ratios. Firms with M-Score > -2.22 are categorized as likely to manipulate earnings.	Beneish (1999); Dinasmara & Adiwibowo, (2020)
Auditor Reputation	Credibility and perceived quality of audit services, often proxied by audit firm size.	Dummy variable: 1 = audited by Big 4 accounting firm, 0 = audited by non-Big 4 firm.	DeAngelo (1981); Kinanti (2023)
Audit Tenure	Length of consecutive years an audit firm has audited the same client.	Continuous variable measured as the number of years the same KAP audited the firm during 2020–2023.	Cassell et al. (2016); Tepalagul & Lin (2014)
Audit Committee	A governance mechanism responsible for overseeing financial reporting and audit	Number of audit committee meetings held annually as disclosed in the company's annual report.	Beasley (1996); Ritonga et al. (2020)

Source: Research Data, 2025

The study applied purposive sampling with criteria summarized in Table 2. From 149 consumer cyclical companies listed during 2020–2023, a final sample of 20 firms was obtained, resulting in 80 firm-year observations.

Table 2 Sampling Criteria

No	Criteria	Number of Criteria Violations	Accumulation
1	Companies classified as consumer cyclical that are listed consecutively during 2020–2023		149
2	Companies that publish annual financial reports on the Indonesia Stock Exchange or company website during 2020–2023	(42)	107
3	Companies that report financial statements using the rupiah currency	(7)	100
4	Companies that earned profits in 2020–2023	(76)	24
5	Companies that provide complete data for all research variables	(4)	20
Total Sample			20
Research Period			4
Number of Observations			80

Source: Research Data, 2025

The study applies data quality testing through classical assumption tests, including the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. These tests are performed to ensure that the regression model meets the necessary statistical assumptions and that the results are valid and unbiased. Hypothesis testing is conducted using the t-test, F-test, and the coefficient of determination (R^2). The data analysis consists of two main methods: the first is multiple linear regression analysis, which is used to examine the effect of independent variables on the dependent variable; the second is Moderated Regression Analysis (MRA), which is used to assess the interaction between the moderating variable and the independent variables in influencing the dependent variable. The regression model for multiple linear regression is formulated as follows:

Equation 1
$$KLK_{it} = \alpha + \beta_1 REPAUD_{it} + \beta_2 AUTEN_{it} + \epsilon_{it}$$

Meanwhile, the moderated regression analysis is tested using the model below:

$$KLK_{it} = \alpha + \beta_1 REPAUD_{it} + \beta_2 AUTEN_{it} + \beta_3 KMTE_{it} + \beta_4 REPAUD_{it} * KMTE_{it} + \beta_5 AUTEN_{it} * KMTE_{it} + \epsilon_{it}$$

Equation 2

KLK	= Financial statement fraud, calculated using the Beneish M-Score.
REPAUD	= Auditor Reputation, 1 = Audited by Big 4 firm; 0 = non-big 4.
AUTEN	= Audit tenure, number of years the KAP audited the company.
KMTE	= Audit Committee, Freq. of audit committee meetings / year.
REPAUD*KMTE	= Interaction between auditor reputation and audit committee.
AUTEN*KMTE	= Interaction between audit tenure and audit committee
α	= Constant Regression Coefficient
ϵ	= Error Term

III.RESULTS AND DISCUSSION

All Descriptive Statistics

Table 3 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
REPAUD	80	0	1	.25	.436
AUTEN	80	1	4	2.27	1.113
KMTE	80	3	11	5.08	1.644
KLK	80	-3.37	-.89	-2.3537	.49854
Valid N (listwise)	80				

Source: Research Data, 2025

Table 3 shows that financial statement fraud scores range from -3.37 to -0.89, with an average of -2.35 and a standard deviation of 0.50. These scores are below the Beneish M-score threshold, indicating a low risk of fraud. Auditor reputation ranges from 0 to 1, with an average of 0.25, meaning only 25% of firms were audited by Big 4 auditors. Audit tenure ranges from 1 to 4 years, averaging 2.27, suggesting most firms have relatively short auditor relationships. The audit committee meeting frequency ranges from 3 to 11 times per year, with an average of 5.08, indicating generally active governance oversight.

The result of the normality test using the Kolmogorov-Smirnov method showed the Asymp. Sig. value obtained is 0.200, which is greater than 0.05. This indicates that the residual data are normally distributed. Multicollinearity test using the tolerance and VIF values depicts that the tolerance values for all independent variables are above 0.10, and the VIF values are below 10, with the highest VIF being 1.391. These results indicate that there is no multicollinearity among the independent variables. Meanwhile, the autocorrelation test using the Durbin-Watson (DW) statistic showed a value of 1.876. This value lies between the upper bound (du = 1.6882) and 4–du (2.3118), indicating that there is no autocorrelation in the regression model.

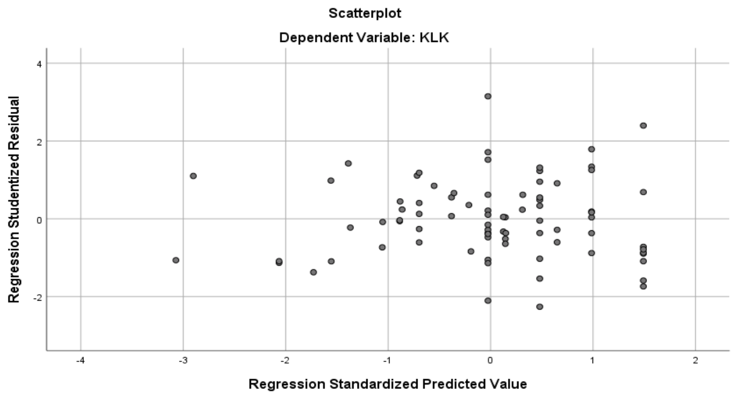

Figure 2. Scatterplot

Figure 2 presents the heteroscedasticity test using a scatterplot. The plot shows that the residual points are randomly spread and do not form a specific pattern, both above and below the zero point on the Y-axis. This suggests that the regression model does not contain heteroscedasticity, and the assumption is fulfilled.

Hypothesis testing is conducted to determine whether financial statement fraud significantly influences the dependent variable. This is tested using the t-test, F-test, and coefficient of determination. A significance (Sig.) value less than 0.05 indicates a statistically significant effect. Based on the data analysis results, the details of the regression output are presented in the following tables.

Table 4 t-Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-2.489	.124		-20.108	.000
	REPAUD	-.303	.125	-.265	-2.437	.017
	AUTEN	.093	.049	.207	1.902	.061

a. Dependent Variable: KLK

Source: SPSS data processing version 26

The results of the regression equation (Table 4) show that the intercept (α) is -2.489, indicating the baseline level of financial statement fraud when all independent variables are held constant. The auditor reputation variable (REPAUD) has a coefficient of -0.303 and a significance value of 0.017, indicating a significant negative effect. This means that companies audited by the Big 4 firms tend to exhibit lower levels of financial statement fraud. Higher auditor credibility is associated with stronger oversight, thereby reducing the risk of fraudulent reporting. Consequently, H1 is accepted. Meanwhile, the audit tenure variable (AUTEN) has a coefficient of 0.093 with a significance value of 0.061. Although the coefficient is positive, the effect is not statistically significant at the 5% level. This suggests that audit tenure does not have a meaningful influence on financial statement fraud in this study. As a result, H2 is rejected.

Table 5 F-Test

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.970	2	.985	4.293	.017[b]
	Residual	17.665	77	.229		
	Total	19.635	79			

a. Dependent Variable: KLK

b. Predictors: (Constant), REPAUD, AUTEN

Source: SPSS data processing version 26

The F-test results in a significance value of 0.017, which is below 0.05. This indicates that the two independent variables REPAUD and AUTEN jointly have a significant effect on financial statement fraud. Reputation contributes negatively, while tenure contributes positively. Therefore, H3 is accepted.

Table 6 Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317[a]	.100	.077	.47897

a. Predictors: (Constant), REPAUD, AUTEN

b. Dependent Variable: KLK

Source: SPSS data processing version 26

The results of Table 6 show the model summary of the regression analysis that includes the independent variables, auditor reputation, and audit tenure. The value of Adjusted R Square is 0.077, indicating that 7.7% of the variation in financial statement fraud is explained by the combined influence of these two variables. The remaining 92.3% is influenced by other factors not included in the model.

To test whether the audit committee moderates the relationship between the independent variables (auditor reputation and audit tenure) and financial statement fraud, a moderated regression analysis was performed. The interaction terms between the moderator and each independent variable were included in the regression model. The results are shown below.

Table 7 t-Test Moderating Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-1.940	.429		-4.526	.000
	REPAUD	-.103	.451	-.090	-.229	.820
	AUTEN	-.042	.153	-.095	-.278	.782
	KMTE	-.112	.083	-.369	-1.343	.183
	KMTE*REPAUD	-.016	.077	-.097	-.208	.836
	KMTE*AUTEN	.026	.028	.378	.921	.360

a. Dependent Variable: KLK

Source: SPSS data processing version 26

The results of the regression equation (Table 7) show that the intercept (α) is –1.940, indicating the baseline level of financial statement fraud when all variables in the model are held constant. The interaction variable between auditor reputation and audit committee has a coefficient of –0.016 with a significance value of 0.836, which is far above the 0.05 threshold, indicating a negative but insignificant moderating effect. This indicates that the audit committee does not strengthen the negative influence between auditor reputation and financial statement fraud. Therefore, H4 is rejected.

Meanwhile, the interaction variable between audit tenure and audit committee has a coefficient of 0.026 and a significance value of 0.360. Although the coefficient is positive, the effect is not statistically significant at the 5% level. This suggests that the audit committee does not negatively moderate the positive relationship between audit tenure and financial statement fraud. As a result, H5 is also rejected.

Table 8 Coefficient of Determination *Moderating Regression Analysis*

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.373[a]	.139	.081	.47793

a. Predictors: (Constant), KMTE*AUTEN, REPAUD, KMTE, AUTEN, KMTE*REPAUD

Source: SPSS data processing version 26

The results of Table 8 show the model summary of the regression analysis that includes the independent variables (auditor reputation and audit tenure), the moderating variable (audit committee), and the interaction terms (auditor reputation*audit committee and audit tenure*audit committee). The value of Adjusted R Square is 0.081, indicating that 8.1% of the variation in financial statement fraud is explained by the combined influence of these variables and their interactions. The remaining 91.9% is influenced by other factors not included in the model.

The hypothesis test results show that auditor reputation significantly and negatively affects financial statement fraud, with a p-value of 0.017, below the 0.05 threshold. The regression coefficient of –0.303 indicates that firms audited by reputable auditors are less likely to engage in fraud. This supports agency theory, emphasizing that credible, independent auditors reduce information asymmetry between managers and shareholders. Reputable auditors uphold stricter audit standards, apply greater professional skepticism, and resist managerial pressure, thereby deterring fraud. These findings highlight the importance of audit quality in promoting reporting integrity. However, they differ from Morisca (2022), who found no significant effect of Big Four affiliation, possibly due to reduced audit quality gaps or varying governance perceptions across firms.

Unlike auditor reputation, audit tenure shows a positive but insignificant effect on financial statement fraud, as indicated by a p-value of 0.061. Although the positive coefficient (0.093) suggests a possible increase in fraud risk with longer engagements, the effect is statistically insignificant. This suggests that this issue is effectively mitigated by audit rotation policies and regulatory oversight in Indonesia. Consistent with findings from Revaldi & Simbolon (2023) and Adhitama et al. (2023), who found that audit tenure alone does not cause fraud without weak governance, this study shows that effective audit rotation and adherence to standards can mitigate such risks. Meanwhile, the F-test shows that auditor reputation and audit tenure together significantly affect financial statement fraud. Tenure alone is insignificant; however, its interaction with reputation enhances fraud detection. Reputable auditors with sustained client relationships can better identify irregularities, particularly in high-risk sectors prone to earnings manipulation.

The audit committee, as part of corporate governance, is expected to enhance oversight and support auditors in detecting fraud. However, the interaction between auditor reputation and the audit committee was insignificant (p = 0.836), indicating no moderating effect. This suggests that audit committees in the sample firms may lack effectiveness due to limited authority, expertise, or engagement with auditors. The finding highlights a gap between governance theory and practice, emphasizing the need for empowered, competent, and independent audit committees to strengthen oversight and improve coordination with external auditors in preventing fraudulent financial reporting. Additionally, consistent with earlier results, the audit committee showed no significant moderating effect on the relationship between audit tenure and financial statement fraud (p = 0.360). This suggests that audit committees in the sampled firms play a limited role in enhancing audit effectiveness. Although theoretically expected to mitigate risks from long auditor tenure, their influence appears weak, possibly due to passive oversight, limited involvement, or low financial expertise. These results contrast with Ritonga et al. (2020) and Noviani et al. (2024), likely reflecting differences in governance practices, regulatory environments, or internal control strength across contexts.

V. CONCLUSIONS

This study investigates the impact of auditor reputation and audit tenure on financial statement fraud, with the audit committee as a moderating variable, using data from 80 consumer cyclical firms listed on the Indonesia Stock Exchange from 2020–2023. The results show that auditor reputation and audit tenure jointly affect fraud, with Big 4 auditors linked to lower fraud levels, indicating higher audit quality and integrity. However, audit tenure alone has no significant effect. Additionally, the audit committee does not significantly moderate either relationship, suggesting that its mere existence is insufficient to enhance fraud prevention. Strengthening audit committee effectiveness remains vital for improving corporate governance and oversight.

This study is limited to 80 consumer cyclical firms listed on the Indonesia Stock Exchange from 2020–2023 and focuses solely on auditor reputation, audit tenure, and the audit committee. Further, future research might include additional factors influencing financial fraud, such as internal controls, ethical culture, or regulatory oversight. Broader industry coverage and longer observation periods could enhance generalizability. Moreover, examining alternative moderating variables like board independence, ownership structure, or audit committee expertise may provide deeper insights into how audit and governance characteristics jointly affect financial reporting integrity.

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