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Exploring the Role of CSR and Financial Target Pressure on Fraud Practices in the Energy Sector

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Abstract

This study investigates the influence of Corporate Social Responsibility (CSR) and financial targets on financial statement fraud, with the Audit Committee acting as a moderating variable in energy companies listed on the Indonesia Stock Exchange from 2020 to 2024. The energy sector is particularly noteworthy due to its susceptibility to fraud, driven by operational complexities, substantial transaction values, and the pressures associated with financial performance targets. Utilizing a quantitative approach, the research employs causal design through panel data regression analysis. The sample comprises energy companies selected based on purposive sampling criteria during the observation period. Data is sourced from annual reports and sustainability disclosures accessible via the Indonesia Stock Exchange and the companies' official websites. Financial statement fraud is quantified using the Beneish M-Score, while CSR disclosure is evaluated through the Corporate Social Responsibility Index (CSRI). Financial targets are assessed using the Debt to Asset Ratio (DAR), and the effectiveness of the Audit Committee is gauged based on corporate governance attributes. Findings reveal a significant positive relationship between CSR and financial statement fraud, indicating that enhanced CSR disclosure does not necessarily correlate with reduced fraud risk and may be linked to corporate legitimization efforts. Conversely, financial targets show no significant impact on financial statement fraud, attributed to the relatively low financial pressure faced by companies. Additionally, the Audit Committee does not exhibit a direct effect or moderating role in the relationship between CSR, financial targets, and financial statement fraud. These results underscore the necessity for robust corporate governance, improved supervisory practices, and effective internal control mechanisms to mitigate financial statement manipulation within the energy sector.

Keywords:
Corporate Social Responsibility; Financial targets; Audit Committee; Financial statement fraud; Beneish M-Score.

1. INTRODUCTION

Financial statements play a vital role in providing companies with a clear picture of their financial health to various stakeholders, including management, investors, creditors, and regulators. The information contained within these statements significantly impacts rational economic decision-making (ACFE, 2024). Consequently, ensuring accuracy, reliability, and transparency in financial reporting is essential for fostering public trust and maintaining market integrity (Khumairoh et al., 2022). Despite this importance, financial statements are frequently manipulated, leading to incidents of financial statement fraud. Such fraud involves the misleading manipulation of financial information for personal gain or to uphold the company's image (Musfita & Darwis, 2020). Financial reporting fraud is a deliberate act designed to deceive stakeholders for unjust enrichment, achieved through data manipulation, concealment of critical facts, or presenting misleading financial information (Darwis et al., 2025).

This issue has garnered significant attention, as indicated by the Association of Certified Fraud Examiners (ACFE), which notes that financial reporting fraud is often executed systematically to mislead stakeholders. The severity of this problem is further illustrated by the Corruption Perceptions Index published annually by Transparency International, which measures corruption levels across various countries. A lower score indicates a higher level of corruption, suggesting that this challenge remains pressing. A striking example of large-scale fraud is the Enron Corporation case, which collapsed in 2001 due to management's manipulative practices. The company concealed liabilities exceeding $1 billion and distorted financial statements to inflate earnings, creating a false narrative of performance. The fallout from this scandal not only harmed investors and employees but also prompted regulatory reforms and changes in corporate governance practices globally (Sukarya et al., 2024).

The prevalence of fraud in Indonesia's energy sector is evident in numerous cases of corruption, asset misappropriation, and financial statement manipulation. According to the 2025 Corruption Perceptions Index, Indonesia scored approximately 34 out of 100, ranking around 109 out of more than 180 assessed countries. This reflects a persistent high perception of corruption compared to many other nations. A notable case in the tin trade is estimated to have cost the state up to Rp300 billion, revealing illegal practices ranging from unlicensed mining to tax evasion (Julio & Setyaningsih, 2025). The repercussions of such scandals extend beyond financial losses to the state, resulting in severe environmental degradation and adversely affecting the welfare of communities surrounding mining operations. Major energy companies, such as PT Pertamina, have also faced allegations of corruption, leading to state losses of around Rp285 trillion (approximately $17.58 billion) from 2018 to 2023. Ongoing investigations involve multiple companies and international partners. Furthermore, PT Petro Energy has misused financing facilities, resulting in significant losses for LPEI and raising serious concerns regarding compliance with legal obligations by the board of directors (Wijaya, 2025).

Allegations of manipulated sales reports have also surfaced involving PT Arutmin Indonesia and PT Kaltim Prima Coal, along with their parent company, PT Bumi Resources Tbk. The sales reports of PT Bumi Resources Tbk are suspected of misrepresenting actual conditions, leading to state losses due to a shortfall in royalty revenues amounting to approximately Rp2.15 trillion (Putri et al., 2025). These various fraud cases in the energy sector reveal that the issue extends beyond individual misconduct, reflecting systemic weaknesses in internal oversight and the pressures of financial targets that may prompt unethical behavior. In this scenario, Corporate Social Responsibility (CSR) emerges as a strategic approach to help companies manage fraud risks. This research aims to analyze CSR's role in mitigating fraudulent practices in the energy sector and examine how financial target pressures can influence management decisions that may lead to fraud.

Corporate Social Responsibility (CSR) signifies a company's commitment to sustainable development while considering economic, social, and environmental dimensions. Implementing CSR reflects corporate accountability and embodies values of honesty and transparency that can diminish opportunities for fraudulent activities (Fitri & Kristianto, 2025). Research indicates that firms with robust CSR programs tend to experience lower instances of fraud. This correlation arises because CSR fosters stronger relationships with stakeholders and encourages ethical management practices (Li et al., 2021; Andayani & Wuryantoro, 2023). However, some studies, such as those conducted by Batara (2025), suggest that CSR does not consistently influence financial statement fraud. This raises questions about the effectiveness of CSR initiatives in addressing corporate image manipulation. Additionally, weaknesses in internal controls can create openings for fraudulent behavior, particularly when companies are under pressure to meet ambitious financial targets. Unrealistic expectations often drive management to manipulate financial statements to align with profit goals (Herianti et al., 2021).

Financial statement fraud frequently begins with minor infractions that escalate as opportunities arise. Pressure from financial targets can exacerbate these conditions, especially in environments with inadequate internal controls (Susanti & Martiyo, 2022). Research in this area shows inconsistent findings regarding the impact of financial targets on fraud. While some studies identify a significant positive relationship, others do not observe the same effect (Evie & Daswan, 2021; Suwardi & Riyadi, 2024). This inconsistency indicates that the relationship between financial targets and fraud is not always straightforward and may be influenced by additional factors, including corporate governance mechanisms. The Audit Committee plays a critical role in overseeing financial reporting processes and ensuring adherence to transparency principles. An effective audit committee can moderate the effects of CSR and financial targets on financial statement fraud by monitoring internal audits and preventing management opportunism (Harnovinsah et al., 2024).

Agency Theory elucidates the relationship between shareholders (principals) and company management (agents). In this dynamic, shareholders delegate authority to management to oversee company operations. However, differing objectives and risk tolerances often result in conflicts of interest. Managers, as agents, may prioritize personal interests and possess greater information access than shareholders, creating an information asymmetry (Payne & Petrenko, 2019). This imbalance complicates direct monitoring of management decisions by shareholders, facilitating opportunities for opportunistic behaviors such as financial statement manipulation (Pramana & Hermawan, 2022). The essence of this theory lies in managing conflicts of interest and information disparities. To mitigate the risk of deviations, effective monitoring and control mechanisms are essential. CSR can function as an external control that enhances transparency and accountability while fostering trust among stakeholders. By maintaining consistent CSR practices, companies can strengthen public oversight and reduce the risk of financial statement fraud (Payne & Petrenko, 2019).

Financial targets often exert pressure that drives management toward opportunistic actions. When shareholders establish high profit targets, management may feel compelled to achieve them. If these targets prove challenging to meet through conventional means, management may resort to manipulating financial statements to present a façade of success (Nurgupita & Rahman, 2024). Thus, elevated targets without robust oversight can create fertile ground for fraudulent activities. Although conflicts of interest between principals and agents cannot be entirely eradicated, they can be minimized through effective corporate governance mechanisms. One such mechanism is the audit committee, which plays a crucial role in reducing the likelihood of fraud in financial reporting. An independent audit committee can mitigate information asymmetry and limit opportunities for misconduct (Kusumawardani et al., 2024). Moreover, the audit committee serves to prevent management from exploiting CSR or financial target pressures as tools for manipulation (Ardianingsih & Sagita, 2026).

Legitimacy Theory and Stakeholder Theory provide insights into the motivations for CSR within the business landscape. Legitimacy Theory posits that a company's sustainability hinges on its ability to operate in alignment with societal values and norms (Olateju et al., 2021). When legitimacy gaps emerge, companies risk losing public trust and facing threats to their operational viability (del-Castillo-Feito et al., 2022). CSR acts as a strategic tool for acquiring and preserving social legitimacy through transparent and credible practices. Stakeholder Theory emphasizes that corporate responsibility transcends shareholder interests to encompass all parties with a vested interest in the company (del-Castillo-Feito et al., 2022). Companies that effectively address the expectations of all stakeholders are better positioned to cultivate harmonious relationships and enhance organizational performance. These two theories complement each other in elucidating the role of CSR, where CSR functions not only as a legitimacy instrument but also as a manifestation of accountability to all involved parties.

CSR embodies a company's responsibility to contribute to sustainable development while maintaining a balance among economic, social, and environmental dimensions. It compels companies to conduct business ethically and deliver tangible benefits to society (Cruz et al., 2020; Serhane, 2025). In Indonesia, CSR implementation is governed by Law No. 40 of 2007, which mandates companies in the natural resource sector to execute and report CSR activities. The primary aim of CSR is to achieve corporate sustainability while considering the social and environmental impacts of all operational activities. Effective CSR implementation contributes to building a positive reputation, enhancing competitive advantage, and strengthening trust and loyalty among customers (Arhinful et al., 2025). Authentic CSR initiatives can bolster transparency and minimize the potential for financial data manipulation, whereas superficial CSR efforts lacking robust governance merely serve as a facade of legitimacy.

Financial targets represent demands placed on management to achieve predetermined objectives. The pressure to meet high targets can incentivize fraudulent behavior. Financial fraud can occur when management feels compelled to meet established profit expectations (Prakoso & Setiyorini, 2021). The audit committee plays a pivotal role in reinforcing internal control systems and ensuring the integrity of financial statements. This committee serves as an essential independent oversight mechanism to deter data manipulation practices (Akbar et al., 2025). The effectiveness of the audit committee is influenced by its independence, size, member expertise, and meeting frequency. An effective audit committee can enhance investor and public confidence in transparent and accountable corporate governance.

Financial fraud constitutes a planned action intended to mislead others for personal gain. Financial statement fraud, as the most intricate form, involves manipulating accounting data and presenting information that does not reflect actual circumstances (Yuniarti & Linuhung, 2023). Understanding fraud and its prevention mechanisms is crucial for strengthening internal control systems and enhancing the audit committee's role in preventing fraud within corporate environments.

2. RESEARCH METHOD

This study employs a quantitative design focused on causal (explanatory) research. The primary aim is to test hypotheses related to the cause-and-effect relationships among variables. Specifically, the research investigates the influence of Corporate Social Responsibility (CSR) and financial targets as independent variables on financial statement fraud, which acts as the dependent variable. Additionally, the study examines the Audit Committee's role as a moderating variable that may either strengthen or weaken the relationships between these variables.

To operationalize the research variables, financial statement fraud is assessed using the Beneish M-Score, which indicates manipulative actions within financial reporting aimed at concealing the true financial condition for specific advantages. An M-Score greater than -2.22 suggests the presence of fraud, while a score below -2.22 indicates no signs of fraudulent activity (Gilardo Angger Raharja et al., 2025; Warseno et al., 2023). CSR is evaluated through the Corporate Social Responsibility Index (CSRI), which measures how effectively a company integrates social and environmental considerations into its business practices, based on the disclosure of CSR items (Ashma' & Laksmi, 2023; Hanum & Faradila, 2023). Financial targets are measured using the Debt to Asset Ratio (DAR), reflecting the risks management faces in achieving set financial objectives

(Salsabila Fauziah, 2023). The Audit Committee's role is defined as a governance structure overseeing company operations, with indicators including board structure, audit committee functions, and committee independence (Andayani & Wuryantoro, 2023; Nasir & Hashim, 2020). The research population consists of all energy sector companies listed on the Indonesia Stock Exchange from 2020 to 2024, totaling 95 companies (Sugiyono, 2023).

The research relies on secondary data obtained through documentation. The primary data comprises annual reports and sustainability reports from energy sector companies listed on the Indonesia Stock Exchange (BEI) during the period from January 1, 2021, to December 1, 2025. These documents were accessed through the official BEI website, the Financial Services Authority, and the companies' official websites to ensure authenticity and completeness. Additional data was gathered through a literature review, including analyses of scholarly literature, books, journal articles, economic news, and other relevant publications. This approach aims to provide a solid theoretical foundation for the analysis conducted.

Analysis is performed using panel data regression to examine the impact of CSR and financial targets on financial statement fraud, as well as to assess the moderating role of the Audit Committee. This analytical process utilizes Eviews version 12 statistical software. Descriptive statistics are employed to characterize the obtained data without making sweeping generalizations. This analysis yields insights into the minimum, maximum, average, and standard deviation of each variable, facilitating an initial understanding of the patterns and distributions of data from companies listed on the BEI. Hypotheses are tested through panel data regression, which combines time-series and cross-sectional data from several energy companies. The regression model is structured to measure both direct and moderating effects, incorporating variables for financial statement fraud, CSR, financial targets, and the value of the Audit Committee. Interaction variables between CSR and the Audit Committee, as well as between financial targets and the Audit Committee, are included to evaluate the moderating impact.

The panel data regression estimation model is assessed using three approaches: Pooled Least Squares (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM). PLS assumes no differences across individuals or time, FEM accommodates fixed differences in intercepts for each entity, while REM operates under the assumption of random intercept differences. Model selection is conducted through a series of tests, including the Chow Test to differentiate between Common Effect and Fixed Effect, and the Chi-square test to determine whether to use Fixed Effect or Random Effect. Once the estimation model is selected, classical assumption tests are performed to validate the regression model. These tests encompass normality checks for residual distribution, heteroscedasticity tests to confirm constant residual variance, multicollinearity tests to identify correlations among independent variables, and autocorrelation tests to examine relationships among residuals across different periods.

Upon meeting all classical assumptions, regression analysis is conducted to evaluate the research hypotheses. The t-test assesses the impact of each independent variable on financial statement fraud, while the F-test evaluates the simultaneous influence of all independent variables. The coefficient of determination (R^2) indicates the proportion of variation in the dependent variable explained by the independent variables. To assess the Audit Committee's moderating role, the analysis focuses on the regression coefficients of the interaction variables. If the regression coefficient of the interaction variable is significant, it indicates that the Audit Committee moderates the relationship between CSR and financial statement fraud, as well as between financial targets and financial statement fraud. The nature of the moderation will be determined based on the significance of the coefficients of the independent and moderating variables.

3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Descriptive Statistics

Descriptive statistics provide an overview of the data characteristics. This analysis includes the mean, maximum, minimum, and standard deviation. The findings from the descriptive statistical analysis in this study are summarized in Table 1.

Table 1. Descriptive Statistics

Variable	N = 150	Min	Max	Mean	St. Dev
Financial Statement Fraud		-5.240000	4.140000	-2.408800	1.788852
Corporate Social Responsibility		0.021978	0.791209	0.415607	0.180782
Financial Targets		0.064000	5.004000	0.571767	0.731679
Audit Committee		0.500000	0.667000	0.653640	0.045458

Source: Processed Data, 2026

The analysis of financial statement fraud, measured by the Beneish M-Score, reveals a minimum of -5.240000 and a maximum of 4.140000, with a mean of -2.408800 and a standard deviation of 1.788852, indicating substantial variation. The Corporate Social Responsibility variable shows a minimum of 0.021978 and a maximum of 0.791209, with a mean of 0.415607 and a standard deviation of 0.180782, reflecting a more consistent distribution. Financial targets present a minimum of 0.0640 and a maximum of 5.004, with a mean of 0.571767 and a standard deviation of 0.731679, which also indicates uniformity. Lastly, the Audit Committee variable has a minimum of 0.5000 and a maximum of 0.667, with a mean of 0.653640 and a standard deviation of 0.045458, demonstrating consistency among companies.

3.1.2. Panel Data Regression Model Test

Following the regression results from the common effect, fixed effect, and random effect models, the next step is to determine which model estimation is most appropriate. This involves testing to identify the model that aligns best with the data and theoretical expectations.

Table 2. Panel Data Regression Model Selection Results

Model Test	Model Comparison	Testing Indicator	Probability	Decision	Selected Model
Chow Test	Common Effect vs Fixed Effect	Cross-section F	0.0167	H_0 rejected	Fixed Effect Model
Chow Test	Common Effect vs Fixed Effect	Cross-section Chi-square	0.0026	H_0 rejected	Fixed Effect Model
Hausman Test	Fixed Effect vs Random Effect	Cross-section random	0.0102	H_0 rejected	Fixed Effect Model

Source: Processed Data, 2026

The results in Table 2 indicate that the probability values from the Chow Test yield a Cross-section F of 0.0167 and a Cross-section Chi-square of 0.0026. Both values fall below the significance level of α = 0.05, leading to the rejection of the null hypothesis. This outcome suggests that the Fixed Effect Model is more suitable than the Common Effect Model. Additionally, the Hausman Test results show a probability value of 0.0102 for the Cross-section random, which is also below the significance level of α = 0.05, resulting in the rejection of the null hypothesis. Overall, the Fixed Effect Model is deemed the most appropriate for panel data regression analysis in this study.

3.1.3. Classical Assumption Tests

Classical assumption tests aim to confirm the absence of issues related to normality, multicollinearity, and heteroskedasticity in the regression model. This testing is conducted through several steps. The normality test assesses whether the residual values from the regression are normally distributed. Below are the results of the conducted normality test.

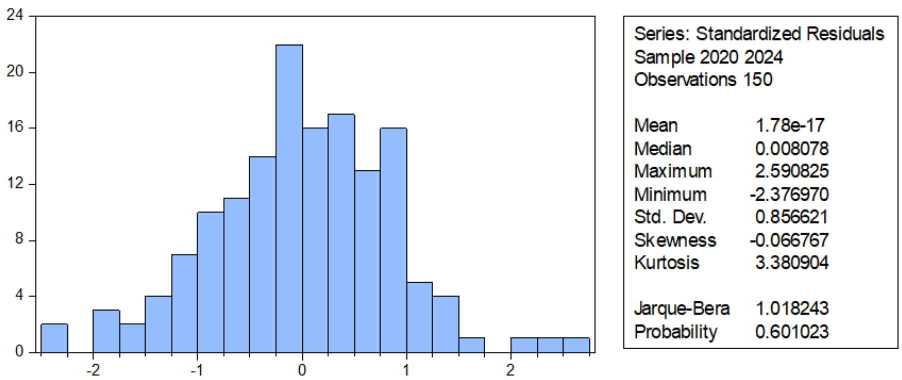

Figure 1. Normality Test (Source: Processed Data, 2026)

The normality test results indicate a probability value of 0.601, which exceeds 0.05, signifying that the data adheres to a normal distribution. This is a positive initial finding. Next, the multicollinearity test examines the Variance Inflation Factor (VIF) for each independent variable relative to the dependent variable. VIF values not exceeding 0.8 suggest that there are no excessively strong correlations among independent variables that could compromise the analysis results. Success in both tests is crucial for ensuring that the regression model is reliable and yields accurate outcomes. With normally distributed data and insignificant multicollinearity, this research is well-positioned to draw valid conclusions.

Table 3. Multicollinearity Test

	CSR	TK	KA
CSR	1	0.0114	-0.1141
TK	0.0114	1	0.0717
KA	-0.1141	0.0717	1

Source: Processed Data, 2026

The correlation coefficient results indicate that each variable has coefficients below 0.8. This suggests that the regression model is free from multicollinearity issues. The absence of strong relationships among independent variables allows for more precise analysis, thereby enhancing the reliability of the research findings. The heteroskedasticity test assesses whether there are differences in residual variance among observations in the regression model. Unequal variance indicates heteroskedasticity, while consistent residual variance across observations signifies homoskedasticity. In decision-making, if the probability value for independent variables exceeds 0.05, the model is considered free from heteroskedasticity. Conversely, a probability value below 0.05 indicates the presence of heteroskedasticity that must be addressed to ensure the accuracy of the analysis.

Table 4. Heteroskedasticity Test

Variable	Probability	Description
C	0.6841	No heteroskedasticity
CSR	0.1583	No heteroskedasticity
TK	0.7116	No heteroskedasticity
KA	0.9948	No heteroskedasticity

Source: Processed Data, 2026

Table 4 shows that all variables have probability values greater than the significance level of $\alpha = 0.05$. The probability for C is 0.6841, for CSR is 0.1583, for TK is 0.7116, and for KA is 0.9948. These results indicate that the regression model does not exhibit heteroskedasticity, making it suitable for subsequent analysis stages.

3.1.4. Hypothesis Testing

This study employs Eviews version 12 software utilizing the Fixed Effect Model (FEM). Consequently, the panel data with FEM serves as the basis for regression analysis to determine the effects of CSR, Financial Targets, Audit Committee, and Financial Statement Fraud. The following table summarizes the hypothesis testing results.

Table 5. t-Test Results

Variable	Coefficient	t-Statistic	t-table	Probability	Description
C	2.611311	1.751579	-	-	-
CSR	3.511410	3.631649	1.976	0.0004	Accepted
TK	-0.021320	-0.155714	1.976	0.8765	Rejected
KA	2.558156	1.206665	1.976	0.2300	Rejected
CSR × KA	-10.56020	-0.831217	1.976	0.4076	Rejected
TK × KA	-0.886724	-0.092741	1.976	0.9263	Rejected

Source: Processed Data, 2026

The linear regression analysis reveals that the CSR variable has a positive coefficient of 3.511410 with a t-statistic of 3.631649, surpassing the t-table value of 1.976, and a probability value of 0.0004, indicating significance below 0.05 ($\alpha = 5\%$). This demonstrates that CSR has a significant positive effect on financial statement fraud. In contrast, the financial target variable shows a negative coefficient of -0.021320 with a t-statistic of -0.155714, below the t-table value of 1.976, and a probability value of 0.8765, which exceeds 0.05 ($\alpha = 5\%$). This suggests that financial targets do not significantly influence financial statement fraud. Additionally, the audit committee variable has a positive coefficient of 2.558156 with a t-statistic of 1.206665, which is also below the t-table value of 1.976, and a probability value of 0.2300, exceeding 0.05 ($\alpha = 5\%$). This indicates that the audit committee does not significantly impact financial statement fraud. The analysis provides clarity regarding the relationships among the studied variables and financial statement fraud.

Table 6. Results of Moderated Regression Analysis (MRA)

Variable	Coefficient	Std. Error	t-Statistic	Probability
C	-1.046078	4.649777	-0.224974	0.8224
CSR	3.521803	8.532257	0.412763	0.6805
TK	0.568094	6.382690	0.089005	0.9292
KA	8.047751	6.948154	1.158257	0.2492
CSR × KA	-10.56020	12.70450	-0.831217	0.4076
TK × KA	-0.886724	9.561263	-0.092741	0.9263

Source: Processed Data, 2026

According to Table 6, the interaction between CSR and the Audit Committee has a coefficient of -10.56020 with a probability of 0.4076, which exceeds the significance level of 0.05. This finding indicates that the Audit Committee's role is not sufficiently strong to either weaken or strengthen the influence of CSR on financial statement fraud in energy companies during the period from 2020 to 2024. The interaction between financial targets and the Audit Committee also shows a coefficient of -0.886724 with a probability of 0.9263, suggesting that the Audit Committee has not acted as a moderating variable in the relationship between financial targets and financial statement fraud. Statistically, the moderation hypothesis lacks empirical support.

3.2. Discussion

The panel data regression findings indicate that corporate social responsibility (CSR) has a significant impact on financial statement fraud, leading to the acceptance of H1. However, the positive coefficient warrants careful interpretation to ensure alignment with theoretical frameworks. In the energy sector, robust CSR disclosure is often linked to increased public scrutiny, enhanced reputation, and greater demands for accountability. Companies that genuinely commit to CSR are more likely to maintain reporting practices that build stakeholder trust. This observation aligns with Gen et al. (2022), who argue that CSR reporting can enhance a company's image through transparent social and environmental initiatives. Li et al. (2021) also found that effective CSR efforts reduce the likelihood of financial statement fraud. In contrast, Batara and Budiwitjaksono (2025) reported different results, suggesting that CSR does not significantly influence fraud. This discrepancy may stem from inconsistent CSR implementation, which can sometimes serve merely as a façade without adequate governance support in everyday corporate practices.

The analysis further reveals that financial targets do not significantly affect financial statement fraud, resulting in the rejection of H2. While this variable exhibits a positive coefficient, its probability value exceeds the significance level of 0.05. This indicates that the magnitude of financial targets is insufficient to drive management toward financial manipulation. A key factor influencing this outcome is the leverage condition of energy companies, represented by the debt-to-asset ratio (DAR). Most firms demonstrate a DAR below 0.50, indicating that less than half of their assets are financed by debt. This funding structure suggests relatively healthy financial conditions, low debt pressure, and minimized financial risk. Sufficient capital support allows for operational flexibility and the ability to meet obligations without significant pressure from creditors or debt covenants. These findings are consistent with Suwardi and Riyadi (2024) and Paransi et al. (2023), who note that financial targets do not always trigger fraud, as companies can achieve their goals through legitimate operational activities. However, this contrasts with Cholis and Muniroh (2024), who found that increasing financial targets can heighten fraud risk when oversight is weak and opportunities for manipulation are present.

The moderated regression analysis (MRA) results indicate that the Audit Committee does not effectively moderate the relationship between CSR and financial statement fraud, as the significance value of the interaction between CSR and the Audit Committee exceeds 0.05. This suggests that the Audit Committee's presence has not sufficiently strengthened or weakened the link between CSR and financial statement fraud in the companies studied. Ideally, the Audit Committee should enhance reporting quality and mitigate manipulation risks. However, this function has not been adequately fulfilled regarding CSR. The oversight of the Audit Committee typically focuses on financial reports, internal audits, and compliance, while CSR is more aligned with social, environmental, and sustainability initiatives. The limited direct involvement in CSR planning and execution diminishes its effectiveness as a fraud risk controller. This finding aligns with Ananda (2025), who emphasizes that the effectiveness of oversight depends on the quality and engagement of the Audit Committee. Conversely, Kusumosari and Rahardjo (2023) found that an active Audit Committee can strengthen the relationship between CSR and reduced financial fraud. Thus, the presence of the Audit Committee should be accompanied by enhanced oversight quality.

The research findings suggest that the Audit Committee is unable to moderate the influence of financial targets, as represented by leverage, on financial statement fraud in energy companies during the period from 2020 to 2024. Theoretically, financial targets can create pressure on management, particularly when companies must maintain debt ratios to remain favorable to creditors and investors. High leverage could push management to report strong financial performance, potentially through inappropriate practices. However, the studied companies tend to have low Debt to Asset Ratios, indicating limited reliance on debt and relatively weak financial pressure. Consequently, the Audit Committee's role as a moderator becomes less prominent, as the risk of fraud due to debt pressure is inherently low. This finding aligns with Velte (2023), who asserts that the

Audit Committee is not always effective without sufficient accounting competence, independence, and oversight. In contrast, Evie and Daswan (2021) found that the Audit Committee can mitigate the influence of financial targets through oversight of financial information, internal controls, risk management, and compliance.

The study indicates that CSR and financial targets, proxied through leverage, significantly influence financial statement fraud in energy companies during the period from 2020 to 2024. This suggests that social factors and funding pressures are intertwined with management's reporting behavior. Consistent CSR practices can enhance transparency, reputation, and accountability, thereby reducing the likelihood of financial manipulation. Hamad and Cek (2023) also argue that strong CSR practices can deter manipulative behavior, as companies adopt higher ethical standards and better oversight. Conversely, leverage can impose pressure on management to meet investor and creditor expectations, particularly when companies strive to maintain a positive financial image. Dinillah and Djamil (2024) note that high financial targets can elevate fraud risk. The Audit Committee's role becomes relevant as a supervisory mechanism, but its effectiveness relies on quality, independence, and assertive oversight. Therefore, energy companies must balance social responsibility, funding structure, and governance to mitigate financial manipulation risks. Without robust oversight, CSR may devolve into a mere formality, while leverage could transform into a source of pressure leading to materially misleading reporting decisions.

4. CONCLUSION

This study investigated the effects of Corporate Social Responsibility (CSR), financial targets, and the effectiveness of the Audit Committee on financial statement fraud in energy companies listed on the Indonesia Stock Exchange from 2020 to 2024. The findings indicate that CSR has a significant positive influence on financial statement fraud, suggesting that enhanced CSR disclosure correlates with variations in fraud indicators. Conversely, financial targets, assessed through leverage, did not demonstrate a significant impact. This lack of influence can be attributed to the generally low debt ratios among most companies, which diminishes the managerial pressure to engage in financial manipulation. Additionally, the Audit Committee did not have a direct effect on financial statement fraud, implying that its oversight function is not fully effective within governance practices. The inability of the Audit Committee to moderate the relationship between financial targets and fraud suggests that its presence has not strengthened or weakened the influence of financial pressure on the risk of manipulation. While some variables did not show significance individually, simultaneous testing revealed that CSR, financial targets, and the Audit Committee collectively impact financial statement fraud. The study was limited by its focus on a narrow selection of variables, excluding other important factors such as profitability, liquidity, company size, audit quality, and overall governance. Furthermore, the use of the Beneish M-Score for measuring fraud indicates potential manipulations but does not provide definitive proof of actual fraud. To address these issues, energy companies should enhance the quality of their CSR disclosures, strengthen internal controls, and ensure that the Audit Committee operates with greater independence, competence, and active engagement in monitoring reporting processes. Future research should consider expanding the sectoral scope, extending the study period, incorporating additional variables, and employing alternative measurement approaches to produce more robust findings. Utilizing supplementary methods, such as F-Score or audit quality assessments, could deepen the understanding of fraud risk. Broadening the sample size may help mitigate sector bias and yield results that are more representative of the fields of accounting and corporate governance. These actions will enhance the relevance of findings for companies, investors, and regulators alike.

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