

ABSTRACT

The purpose of this study is to examine the effect of good corporate governance mechanism on fraudulent statements financial and it also investigates external auditor's quality as moderating variable on the relationship between good corporate governance mechanism on fraudulent statements financial for companies listed on the list of cases subject to OJK sanctions for categories approved VIII.G.7 for period 2011 and 2018. Sample of this study was 58 companies consisting of 16 companies categorized as fraud and 42 non-fraud companies. The sampling method is used in this study by purposive sampling.

Data analysis method used is logistic regression analysis. Good corporate governance mechanism measured by board of commissioner, independent board of commissioner, managerial ownership, and audit committee meeting, while fraudulent statements financial and external auditor's quality determined using categorical scale (dummy).

Based on the results of the logistic regression test, the results show that board of commissioner have a negative and significant influence on fraudulent statements financial. This research also provides information about external auditor's quality that are able to moderate independent board of commissioner on fraudulent statements financial. But, independent board of commissioner, managerial ownership, and audit committee meeting is not significant on fraudulent statements financial. External auditor's quality is also unable to strengthen the negative relationship of board of commissioner size, managerial ownership, and audit committee meeting on fraudulent statements financial.

Key words: Board of Commissioner Size, Independent Board of Commissioner, Managerial Ownership, Audit Committee Meeting, Fraudulent Statements Financial, and External Auditor's Quality