

## **ABSTRACT**

The purpose of this study is to examine the relationship between earnings management that measured by discretionary accruals and real earnings manipulation. Furthermore, this research investigates if audit quality can moderate the relation on this relation.

This study utilized a sample of firms listed on the Indonesia Stock Exchange between 2010 and 2020. In order to asses the link between earnings management and audit opinion with audit quality, two models are developed and analyzed in this study utilizing logistic data panel regression.

According to the findings, earnings management enhances the likelihood of receiving a modified audit opinion. It has also been shown that audit quality does not have the ability to moderate the relationship between earnings management and modified audit opinion.

**Keywords:** Discretionary Accruals, Real Earnings Manipulation, Modified Audit Opinion, Audit Quality.