

## **ABSTRACT**

*The purpose of this paper is to investigate the association between corporate ownership structures and characteristics on audit fees paid to external auditors by Indonesian companies listed on Bursa Efek Indonesia (BEI). This study focusses on the extent of the auditor's reliance on the client's internal control in as much as the corporate ownership structures and characteristics are varied, and, ultimately, affect the audit fees.*

*This study applies the agency theory in formulating seven hypotheses that guide the results analysis. By employing a multi regression model for a sample of 87 Indonesian companies listed on Bursa Efek Indonesia (BEI). This study examines the relationship of ownership structure, namely, managerial ownership, foreign ownership and government ownership, and characteristics, namely, complexity, current ratio, leverage, and profitability on audit fees using data from 2014-2015.*

*The results show significant positive relationship between audit fees on firms with larger foreign ownership, government ownership, and profitability but significant negative relationship with firms which has higher current ratio. The results also show insignificant relationship between audit fees on managerial ownership, complexity, and lastly leverage.*

**Keywords** : *Ownership structure, Audit fees, Foreign ownership, Managerial ownership, Government ownership, Complexity, Current ratio, Leverage, Profitabilty*