

ABSTRACT

This study investigates the impact of characteristics of audit committee financial distress. This study use four characteristics of audit committee that is size of audit committee, independence of audit committee, frequency of audit committee meeting and competence of audit committee.

Population that use in this study is 123 servicing listed firms in Indonesia Stock Exchange in 2013-2015. Based on purposive sampling method, there are 92 samples that consist of 27 financially distressed firms and 65 non financially distressed firms. Financial distress criteria is measured by a company that has a negative net income for two years in a row. Data are analyzed using logistic regression with SPSS 20.

The results show that audit committee competence has significant negative affect with financial distress

Keywords: Financial distress, audit committee, negative net income for two years in a row