

ABSTRACT

The objective of this study is to examine the effect of audit quality and characteristics of audit committee on compliance with disclosure of goodwill impairment testing. The compliance with disclosure of goodwill impairment testing is measured using a compliance index. Audit quality is measured by Big-4 and non Big-4 auditors, while characteristics of audit committee are measured by the proportion of the financial and accounting backgrounds of audit committee.

This study uses secondary data from annual reports of non financial companies listed on the Indonesia Stock Exchange for the period 2013-2015. Based on the purposive sampling method, this study obtained 117 observations. The data were analyzed using multiple linear regression.

The result shows that audit quality has a positive significant effect on the compliance with disclosure of goodwill impairment testing. In other words, audit quality can increase compliance with disclosure for goodwill impairment testing. However, the characteristics of audit committee does not significantly affect the compliance with disclosure of goodwill impairment testing. It means that audit committee members do not affect for companies to perform disclosure of goodwill impairment testing.

Keywords : Audit quality, characteristics of audit committee, disclosure of goodwill impairment testing.