

## **ABSTRACT**

*Earnings management is manager effort in manipulating financial report in order to benefit their self. This behavior is considered as a fraud because it gives a mislead information to the financial report user. This research aims to determine and analyze the effect of independent board commissioner proportion, audit committee, and auditor reputation against the practice of earnings management.*

*The population used in this study were manufacturing companies listed on the Stock Exchange during 2008-2010. The sampling technique used in this research was purposive sampling method and obtained 112 samples. This research used secondary data of annual report obtained from Indonesia Stock Exchange (IDX) in 2008-2010 period. The analysis method that used to analyze the data was the multiple regression.*

*Based on the result of the hypothetical examination in this research, it proved that (1) The independent commissioner proportion does not have a significant effect against earnings management. (2) Audit committee activity does not have a significant effect against earnings management. (3) Audit committee member does not have a significant effect against earnings management. (4) Auditor reputation significantly has a negative effect against earnings management.*

*Keywords : earnings management, independent commissioner, audit committee, auditor reputation*