

ABSTRACT

The purpose of this study is to examine the effect of audit committee performance on earning management by using earning restatement as a proxy of earning management. Audit committee characteristics used in this study are audit committee independence, size of audit committee, financial expertise audit committee member and the meetings of the audit committee.

This study use data from 40 BEI (Indonesia Stock exchange) listed companies in 2005 until 2009. Then, collected data are analyzed by using logistic regression analysis.

The results of this study indicate that audit committee independence was significantly negative effect on the occurrence of earnings restatement. While, on the other audit committee characteristics, this study have no evidence that there is significant influence between the characteristics of the earnings restatement.

Keywords: Audit Committee, Corporate Governance, Earning Restatement