

## **ABSTRACT**

*The role of audit committee is ensure the quality of corporate financial reporting process. The purpose of this paper is to examine the association between the characteristics of audit committees (independency, size, meetings, and financial expertise) and earnings management as measured by the level of discretionary accruals.*

*This study use data of 34 manufacturing company listed IDX in 2007 until 2009. Accountancy data were collected from Indonesia Capital Market Directory (ICMD). Data of audit committees were collected from annual report. The data then analyzed using multiple regression analysis.*

*The result of this study shows that size of audit committee have significant impact on earning management. While the others audit committee characteristics have no significant impact on earning management.*

*Keyword : Audit Committee, Good Corporate Governance, Earnings Management*