ABSTRACT

The purpose of this study was to analyze and to obtain empirical evidence the influence of corporate governance mechanism and whistleblowing practice to likelihood of fraudulent financial reporting. The dependent variable used in this research was the likelihood of fraudulent financial reporting. Meanwhile, independent variables used in this research were the number of the board of commissioners member, independency board of commissioners, the number of the board of commissioners members with international experience, audit committee meetings, audit committee financial expertise, internal audit effectiveness, and whistleblowing practice. This analysis was also supported by control variable, return on asset (ROA).

The population of this research were manufacturing companies listed on the Indonesia Stock Exchange from 2015 to 2017 among 151 companies. The sample selection used purposive sampling method and obtained 303 unit of analyse as samples. Furthermore, the research analysis technique used statistic descriptive and logistic analysis.

Based on the result of the regression test, the number of the board of commissioners member, independency board of commissioners, audit committee meetings, audit committee financial expertise, internal audit effectiveness, and whistleblowing practice does not affect to likelihood of fraudulent financial reporting. Meanwhile, the number of the board of commissioners members with international experience has negative significant effect to likelihood of fraudulent financial reporting, and one variable control is return on asset also has an indirect effect to likelihood of fraudulent financial reporting.

Keyword: *The likelihood of fraudulent financial reporting, the number of the board commissioners member, independency board of commissioners, the number of the board of commissioners members with international experience, audit committee meetings, audit committee financial expertise, internal audit effectiveness, whistleblowing practice, and return on asset*