

ABSTRACT

Well known that Audit Committee has responsibility to monitor of external audit, starting from giving recommendation to Board of Commissioners (BoC), hiring, firing until determining the amount of remuneration include audit scope. It may describes a relationship between audit committee and audit external. Doing monitoring function, audit committee is one of the crucial mechanism in governance in order to minimize conflict of interest between management and the stakeholder. Several issues suggest that audit fee could demonstrate the economic bonding between client (corporate) and auditor that related to ethical issue such as lowballing phenomenon and/or opinion shopping. Furthermore, governance regulators currently place great emphasis on ensuring the presence of accounting-financial expertise on audit committee due to financial scandal in 2000's. Therefore, we posit that audit committee's characteristic may affect audit pricing. In addition, we also suggest that audit committee members with accounting-financial expertise can improve audit committee effectiveness which in turn will impact the audit pricing. Moreover, it also provide supervisory and industry expertise combined with accounting-financial expertise to robust audit committee expertise. The result shows that only audit committee's meeting has significant effect to audit fees. Independence and accounting-financial expertise audit committee has no effect to audit fees. But interestingly, our robust's check finds that accounting expertise has negative impact on audit fees. It may conclude that the audit committee who has accounting expertise have the ability to reduce costs of audit external.

Keywords : Audit committee, audit pricing, economic bonding, expertise