ABSTRACT

This research aims to find empirical evidence of factors influencing Fraudulent financial reporting. The factors to be analysed in this research namely financial expertise of Audit Committee, managerial ownership, size company, and leverage.

This research used secondary data on companies listed on the Indonesia Stock Exchange (BEI) in 2002-2006. Data companies that commit fraudulent financial reporting was collected using purposive sampling. Furthermore, this study also used the paired samples (matched-pairs sample) among the companies that make financial reporting fraud to a company that does not make financial reporting fraud. The number of samples in this study were 76 companies with details of 38 companies that make fraudulent financial reporting and 38 others are companies that do not commit fraud. Statistical data analysis method used is logistic regression.

These results show that audit committee expertise is significant negatively affected by the occurrence of fraudulent financial reporting. Leverage also showed a positive and significant impact on financial reporting fraud. Meanwhile, two other factors; managerial ownership and firm size does not affect the occurrence of fraudulent financial reporting

Keywords : fraudulent financial reporting, financial expertise of committee audit, managerial ownership, size, and leverage

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