

ABSTRACT

Some cases of manipulation of financial statement that occurred in Indonesia shows the lack of integrity of financial statements, the presentation of which do not show the actual condition of the company. Companies that are experiencing financial distress tend to cover the company's true condition. This could be caused by a lack of role of independent commissioner and audit committees to control the financial statements.

In this study, the independent variables are independent commissioner, audit committees and financial distress. The dependent variable in this study is the integrity of financial statements. This study aims to determine the effect of variable independent commissioner, audit committees and financial distress to integrity of the financial statements on the property and real estate companies listed in Indonesia Stock Exchange in 2005-2014. The hypothesis of this study is there is influence between the variables independent commissioners, audit committee and financial distress to integrity of the financial statements either simultaneously or partially.

The population of this study is a Property and Real Estate company listed in Indonesia Stock Exchange in 2005-2014. The sample selection technique using purposive sampling and obtained 17 company were included with the period of 10 years in order to get 170 samples were observed. Methods of data analysis in this research is panel data regression using Eviews 8.0 software.

The results showed that Commissioner Independent, Audit Committee, and Financial Distress simultaneously effect on integrity of financial statements. While partially Audit Committee, and Financial Distress have no effect on integrity of financial statements and commissioner independent have influence in positive direction towards integrity of financial statements.

This research suggested to added new independent variable that predicted influence integrity of financial statements, such as managerial ownership, institutional ownership, firm size, auditor quality or auditor independent. To investors, in order to gather information about a company in order to minimize risks and optimize profitability. Advisable for management to appoint independent commissioner and audit committee of high integrity and companies to recognize the early signs of bankruptcy and immediately anticipate the possibility.

Keyword: commissioner independent, Audit Committee, Financial Distress, Integrity of Financial Statement