

## **ABSTRACT**

*The audit committee has a very important role to oversee the financial reporting of a company because it is one of the important information available to the public. The purpose of this study is to examine earnings management practices that are influenced by the characteristics of the audit committee, namely the independence of the audit committee, the expertise of the audit committee members, and the holding of annual meetings by the audit committee. Earnings management occurs when management uses certain decisions in financial statements and transactions to modify financial statements as a basis for company performance with the aim of misleading owners or shareholders (stakeholders), or to influence contractual results that rely on reported accounting numbers. This happens because of the weak application of the principles of Good Corporate Governance. Good Corporate Governance is a concept based on agency theory, which is expected to function as a tool to provide confidence to investors where they will receive a return on the funds that have been invested and this is also necessary to encourage the creation of an efficient, transparent and consistent market in accordance with the laws and regulations-invitation.*

*This study aims to determine the effect of the independence of the audit committee, the expertise of members of the audit committee, and the holding of meetings in a year by the audit committee on earnings management in the goods and consumption industrial sector companies on the Indonesia Stock Exchange for the 2015-2019 period.*

*The data used in this study is secondary data obtained from the annual financial statements of manufacturing companies in the consumer goods and industrial sector listed on the Indonesia Stock Exchange in 2015-2019. The data used is as many as 145 obtained from 29 samples of the industrial sector of goods and consumption. The method used in this research is purposive sampling. The technique used in this analysis is panel data regression analysis and descriptive statistics.*

*The results of this study indicate that the independent variables consisting of the independence of the audit committee, the expertise of the members of the audit committee, and the number of meetings in a year as well as the control variables consisting of leverage and firm size have a simultaneous effect on earnings management. Meanwhile, partially, the audit committee's independence variable has a significant positive effect, expertise of audit committee members has a significant negative effect, and the number of meetings in a year is not significant positive, significant leverage, and size on earnings management.*

*From the research results, suggestions given to further researchers are to add other variables, and other industrial sectors. And for companies in the consumer goods and industrial sector so that the audit committee can carry out their duties properly to avoid earnings management practices.*

***Keywords: Audit Committee Independence, Audit Committee Member Expertise, Meetings in a Year, Earnings Management***