

ABSTRACT

Financial statements are information about the company's financial management and must be prepared in accordance with applicable accounting standards. With the aim of helping most users of financial statements make the right decisions. The quality of information disclosed in the financial statements must be accurate, comparable, verifiable, timely and understandable. Therefore, the information provided to shareholders must be transparent and minimize errors in order to increase stakeholder confidence.

The purpose of this study was to determine the simultaneous and partial effect of leverage variables, firm size, implementation of the audit committee on the quality of financial statements using the discretionary accruals indicator in non-financial public companies listed in the SRI-KEHATI Index for the period 2016 to 2023. The audit committee implementation variable is measured using the number of audit committee members, the number of audit committee meetings and the number of financial experts and accounting backgrounds on the audit committee.

This research uses quantitative methods where this method answers the research hypothesis with statistical methods. The method used in this research is panel data regression analysis using eviews 12 software. The sample selection used was purposive sampling which resulted in nine research samples over an eight-year period. The model chosen in the study is random effect.

The results of this study reveal that the variables of leverage, company size, audit committee implementation simultaneously have a significant effect on the quality of financial statements. Partially, the variable number of audit committee meetings and the number of financial experts on the audit committee have a significant effect with a negative direction while leverage, company size and the number of audit committee members have no significant effect on the quality of financial statements in non-financial public companies listed in the SRI-KEHATI Index for the period 2016 to 2023.

Keywords: *Leverage, Firm size, Implementation of audit committee, Financial report quality.*