Article Type: Research Paper

Effects of Independent Commissioners, Audit Committees, Leverage, and Audit Tenure on Financial Statement Integrity

Mutiara Febriani[1]*, Nasrizal[2], Rusli[3]

Affiliation:
Department of Accounting, Faculty of Economics and Business, Universitas Riau, Pekanbaru, Riau, Indonesia

***correspondence:**
febrianimutiara08@gmail.com

Article History

Received:
2026-04-07

Revised:
2026-05-11

Accepted:
2026-05-13

Abstract:
Research aims: This study examines the effect of independent commissioners, audit committees, audit quality, leverage, and audit tenure on the integrity of financial statements in infrastructure companies listed on the Indonesia Stock Exchange during 2022–2024.
Design/Methodology/Approach: This study employed a quantitative research design using a purposive sampling technique. Secondary data was collected from 69 companies in the infrastructure sector listed on the IDX. The data was analyzed using STATAMP ver 17 software.
Research findings: The result indicate that independent commissioners, audit committees, and audit quality have a positive and significant effect on the integrity of financial statement. Meanwhile, leverage and audit tenure do not have a significant effect on the integrity of financial statement.
Theoretical contribution/ Originality:. This study contributes to accounting literature by examining the influence of independent commissioners, audit committees, audit quality, leverage, and audit tenure on the integrity of financial statements.
Practitioner/Policy implication: The findings suggest considering other variables that affect the integrity of financial statements, such as independent commissioners, audit committees, audit quality, leverage, and audit tenure.
Research limitation/Implication: This study explains a portion of the variation in financial statement integrity, while the remaining variation may be influenced by other factors that were not included in the research model**.**

Keywords: financial statement integrity, independent commissioners, audit committees, audit quality, leverage

Introduction

Financial statements represent one of the most important sources of information used by investors, creditors, regulators, and other stakeholders in assessing a company's financial performance and condition. Financial statements are expected to present information fairly, honestly, and transparently to support effective economic decision making. Financial reports must reflect the actual economic condition of an entity and provide reliable information for users (IAI, 2015). The integrity of financial statements is information in financial statements that is presented fairly, without bias, and honestly (FASB, 1980).

In reality, producing financial statements with integrity is not an easy task. Based on a survey conducted by the Association of Certified Fraud Examiners (ACFE) Indonesia Chapter in 2019, it was found that 9.2% of all identified fraud cases originated from financial statement manipulation (ACFE, 2019). Meanwhile, the results of the 2025 ACFE Indonesia Chapter survey show a significant increase, with 40.2% of all identified fraud cases originating from fraud in financial statements (ACFE, 2025). These findings indicate that the integrity of financial statements remains a serious problem.

Based on current developments, there are theoretically several factors that influence the integrity of financial statements. Previous studies examining the determinants of financial statement integrity have yielded inconsistent findings. Independent commissioners have a significant effect on the integrity of financial statements (Al Rasid et al., 2024; Marlinda et al., 2022), while other studies state that independent commissioners do not have a significant effect on financial statement integrity (Prena & Cahyani, 2020; Wulandari et al., 2020). Similar inconsistencies are evident regarding audit committees (Al Rasid et al., 2024; Marlinda et al., 2022; Mulyadi et al., 2022; Syafana & Parinduri, 2024), audit quality (Al Rasid et al., 2024; Marlinda et al., 2022; Mulyadi et al., 2022; Prena & Cahyani, 2020), leverage (Abbas et al., 2021; Al Rasid et al., 2024; Leny Suzan & Rizaldi, 2024; Suzan & Mutiah, 2024) and audit tenure (Al Rasid et al., 2024; Auliyah et al., 2022; Azizah et al., 2023; Raza et al., 2023).

This study is a replication of the study conducted by (Al Rasid et al., 2024), adopting all of the dependent and independent variables used in that study. However, this study makes several adjustments, particularly regarding the research sector, the time period, and the statistical methods employed.

This study extends previous research conducted by Al Rasid et al. (2024) in several important ways. First, this study focuses on infrastructure companies listed on the Indonesia Stock Exchange, whereas Al Rasid et al. (2024) examined mining companies in the oil, gas, and coal subsector. The infrastructure sector was selected because it has unique characteristics, including high capital intensity, substantial debt financing, long-term investment projects, and strong public interest exposure. These characteristics increase the importance of transparent and reliable financial reporting.

Literature Review and Hypotheses Development

Literature Review

This study is grounded in agency theory, first introduced by (Jensen & Meckling, 1976), which explains the separation of functions between principals and agents within a company. Shareholders act as principals who grant authority to managers, as agents, to manage the company and make decisions on their behalf. In this relationship, financial statements serve as the primary means for shareholders to evaluate managerial performance. Therefore, the presentation of financial statements that are honest, accurate, and reflect the company's true condition is of utmost importance. Consequently, the integrity of financial statements is a crucial aspect of the agency relationship (Jensen & Meckling, 1976).

Conflicts of interest between shareholders and managers have the potential to lead to agency conflicts. Shareholders have an interest in obtaining financial information that is presented fairly and reliably to support economic decision-making (Jensen & Meckling, 1976). Conversely, managers are not only focused on improving company performance but also have personal interests, such as receiving bonuses, incentives, or promotions. These conditions may encourage managers to present financial statements in a biased manner or in a way that does not fully reflect actual conditions, thereby threatening the integrity of financial statements (Scott, 2015; Watts & Zimmerman, 1986).

Within the framework of agency theory, managers are expected to act in the best interests of shareholders. However, differences in objectives and interests mean that managers' interests do not always align with those of shareholders (Scott, 2015). (Watts & Zimmerman, 1986) explain that managers, as rational individuals, tend to choose accounting policies that maximize their personal interests. In the context of agency theory, such behavior can evolve into opportunistic behavior that has the potential to harm shareholders and undermine the integrity of a company's financial statements (Jensen & Meckling, 1976).

Opportunistic behavior by managers arising from conflicts of interest and information asymmetry can undermine shareholders' confidence in the reliability of the financial information presented by the company (Jensen & Meckling, 1976). Therefore, effective oversight mechanisms are needed to align the interests of principals and agents and minimize conflicts of interest and information asymmetry (Fama & Jensen, 1983). In the context of corporate governance, the presence of independent commissioners and audit committees serves as an internal oversight mechanism aimed at controlling managers' opportunistic behavior and promoting the presentation of financial reports with integrity (DeZoort et al., 2002; Scott, 2015).

In addition to internal control mechanisms, efforts to reduce information asymmetry incur agency costs, one of which is monitoring costs—that is, the costs incurred by the principal to monitor and evaluate the agent's behavior (Jensen & Meckling, 1976). Monitoring can be conducted through internal or external mechanisms, one of which is through the audit of financial statements by public accountants as independent parties aimed at enhancing the credibility and integrity of financial statements (Watts & Zimmerman, 1986). However, long-term relationships between clients and auditors have the potential to create economic proximity that may compromise the auditor's independence. Such conditions can impact audit quality and ultimately undermine the integrity of a company's financial statements (DeAngelo, 1981).

Hypothesis Development

Independent Commissioners and Integrity of Financial Statement

According to Financial Services Authority Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners, an independent commissioner is a member of the board of commissioners from outside the company who has no shares, affiliations, or business relationships with the company, the board of commissioners, the board of directors, or major shareholders (OJK, 2014).

Within the framework of agency theory proposed by (Jensen & Meckling, 1976), the relationship between management (the agent) and shareholders (the principal) has the potential to create conflicts of interest because each party has different objectives. Management may be tempted to manipulate financial statements to make performance appear better, thereby benefiting personally. Therefore, a supervisory mechanism is needed to reduce information asymmetry and prevent opportunistic behavior by management. Independent commissioners are considered to act as external supervisors who perform monitoring and control functions over company management (Fama & Jensen, 1983).

The presence of independent commissioners may encourage management to provide more transparent and reliable financial information because stronger monitoring reduces opportunities for financial reporting manipulation. Therefore, the following hypothesis is proposed:
***H₁**: Independent directors influence the integrity of financial statements.*

Audit committees and Integrity Of Financial Statement

Audit committees serve as an important governance mechanism responsible for overseeing financial reporting processes, internal control systems, and external audit activities. Effective audit committees improve monitoring quality and reduce the possibility of financial statement manipulation. Based on Financial Services Authority Regulation No. 55/PJOK.04/2015 regarding the establishment and guidelines for the operation of audit committees, an audit committee is a committee formed by the board of commissioners and accountable to the board of commissioners for assisting in the performance of oversight duties and functions (OJK, 2015).

Agency theory explains that audit committees help reduce conflicts between managers and shareholders by increasing supervision over management activities. (Jensen & Meckling, 1976). Managers tend to act opportunistically, including manipulating financial statements for personal gain, such as to secure bonuses or maintain the company's image. The audit committee serves as a supervisory mechanism that can limit such opportunistic actions, ensuring that the financial statements presented remain accurate, fair, reliable, and maintain the integrity of the financial statements (DeZoort et al., 2002; Fama & Jensen, 1983).
Recent empirical evidence also supports this argument. Syafana and Parinduri (2024) found that audit committees positively influence financial statement integrity because stronger monitoring improves compliance with accounting standards and reporting regulations. Al Rasid et al. (2024) also found similar results. Therefore, the following hypothesis is proposed:
***H_2**: The audit committee influences the integrity of financial statements*

Audit Quality and Integrity of Financial Statement

(DeAngelo, 1981) defines audit quality as the auditor's ability to detect and report violations within the client's accounting system. Auditors with a good reputation tend to maintain their audit quality to preserve that reputation and avoid losing client trust.
According to agency theory (Jensen & Meckling, 1976), there is a conflict of interest between the principal (owners) and the agent (management) due to information asymmetry and opportunistic behavior. External audits serve as an independent oversight mechanism to mitigate this conflict, ensuring that financial statements reflect actual economic conditions. High audit quality enhances the effectiveness of external oversight over management, thereby minimizing opportunistic behavior and maintaining the integrity of financial statements (DeAngelo, 1981).

Recent studies show that companies audited by Big Four accounting firms tend to produce financial statements with higher integrity because these firms possess stronger audit methodologies, better resources, and stricter quality control systems (Al Rasid et al., 2024). Therefore, the following hypothesis is proposed:
***H_3**: Audit quality influences the integrity of financial statements*

Leverage and Integrity Of Financial Statement

Leverage reflects the extent to which companies rely on debt financing to support operations and investments. Companies with high leverage often experience pressure to maintain financial performance and comply with debt covenants. According to the Directorate General of Taxes (DJP, 2023), leverage is a ratio used by companies to measure the use of debt to finance corporate assets.

From the perspective of agency theory, there is a conflict of interest between managers (agents) and shareholders (principals) (Jensen & Meckling, 1976). High leverage increases pressure on managers to meet debt obligations, potentially triggering opportunistic behavior, such as manipulating financial statements to make the company's performance appear better, which ultimately may undermine the integrity of financial statements (Watts & Zimmerman, 1986). Therefore, the hypothesis that can be proposed is:
H_4: *Leverage affects the integrity of financial statements*

Audit Tenure and Integrity Of Financial Statement

Audit tenure refers to the length of time an auditor has consecutively audited a company or the duration of the audit engagement between the client and the auditor (Effendi & Ulhaq, 2021). Longer audit tenure may improve auditor understanding of company operations and risks. However, excessively long relationships may also reduce auditor independence due to familiarity threats.

Agency theory emphasizes the importance of auditor independence in reducing information asymmetry and ensuring reliable financial reporting. Long-term auditor-client relationships may weaken professional skepticism and reduce audit effectiveness. External auditors are hired as an independent oversight mechanism to mitigate this risk (Jensen & Meckling, 1976). However, the duration of the relationship between the auditor and the client (audit tenure) can affect auditor independence, and according to research by (Rafif Ivan Hartono, 2022), excessively long audit tenure can reduce auditor independence because it can foster relational closeness, which may lead to a decline in the integrity of financial statements (DeAngelo, 1981). Therefore, the hypothesis that can be proposed is:
H_5*: Audit tenure affects the integrity of financial statements*

Research Model

To gain a clearer understanding of the relationships among the variables used in this study, the following can be added to the research model:

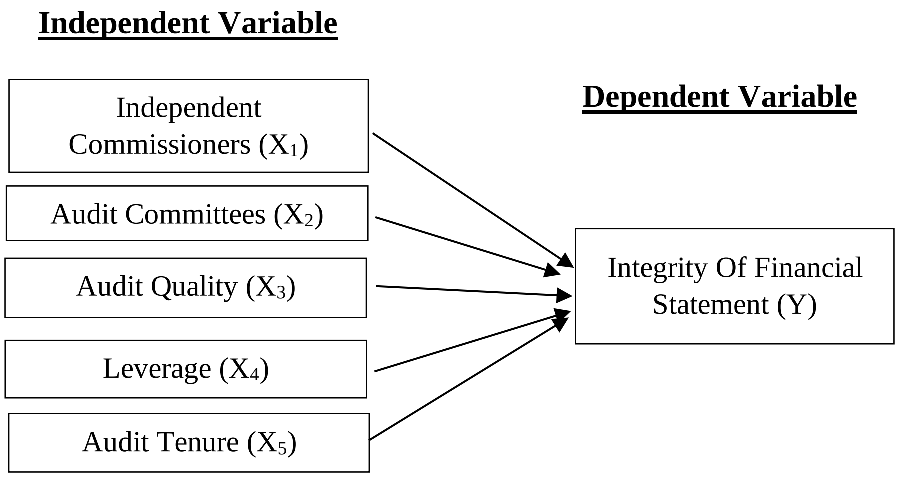

Figure 1: Research Model

Research Method

Research Design

This study employs an explanatory quantitative research design, which involves data obtained from a sample or population in the form of numbers or numerical data, such as grade point average (GPA), shoe size, changes in interest rates, and so on (Yuliardi, 2017). Quantitative research utilizes statistical data or numbers to enable systematic measurement. With this approach, researchers can not only describe a phenomenon in numerical form but also analyze the relationship between two or more variables.

The research data used is secondary data. In this case, secondary data refers to statistical information regarding ownership structure and annual reports of infrastructure companies listed on the Indonesia Stock Exchange for the 2022–2024 period. This data will be processed using ratios corresponding to the measurement of each variable, sourced from the official website of the Indonesia Stock Exchange at www.idx.co.id.

Unit of Analysis

The unit of analysis in this study is the organizational level, specifically infrastructure sector companies listed on the Indonesia Stock Exchange (IDX). Although this study uses data sourced from companies' financial statements, the constructs measured—financial statement integrity, independent commissioners, audit committees, audit quality, leverage, and audit tenure—represent characteristics and conditions at the firm level. Therefore, the level of analysis is the organization (company), while the units of observation consist of each company's annual financial statement data for the 2022–2024 period.

Population and Sampling Technique

The population in this study consists of infrastructure sector companies listed on the Indonesia Stock Exchange, totaling 69 companies. The infrastructure sector was selected because it plays a strategic role in national economic development and involves substantial public investment and financing activities. Infrastructure companies generally require large amounts of capital, rely heavily on external financing, and manage long-term projects. These characteristics increase the importance of transparent and reliable financial reporting.

The sampling method used in this study is purposive sampling. Purposive sampling is a sampling technique in which the sample size is determined by considering specific criteria to determine the number of samples to be studied Sugiyono (2022).

The following are the criteria that must be met for a company to be included in the research sample:

1. Infrastructure companies listed on the Indonesia Stock Exchange during 2022–2024.
2. Companies that consistently published annual reports during the observation period.
3. Infrastructure companies that did not delisted or relisted during the observation period.
4. Companies that provided complete data related to all research variables.

A sample of 54 companies was obtained, with an observation period of 3 years, resulting in a total of 162 company observations for the study.

Measurement of Variables

All variables were measured using indicators adapted from the existing literature to ensure content validity.

Table 1. Operasionalization of Reaserch Variables

Varible	Definition	Indicators	Scale
Independent variable: Independent Commissioners (X1)	According to Financial Services Authority Regulation No. 33/POJK.04/2014 on the Board of Directors and the Board of Commissioners, an independent commissioner is a member of the board of commissioners from outside the company who has no shares, affiliations, or business relationships with the company, the board of commissioners, the board of directors, or major shareholders (OJK, 2014).	Percentage of independent directors relative to the total number of directors. Independent directors = number of independent directors ÷ total number of directors × 100%	Ratio
Audit Committees (X_2)	Pursuant to Financial Services Authority Regulation No. 55/PJOK.04/2015 on the establishment and guidelines for the operation of audit committees, an audit committee is a committee established by the board of commissioners and accountable to the board of commissioners for assisting in the performance of the board of commissioners' duties and functions (OJK, 2015).	Number of audit committee members in the company. Audit committee = Number of audit committee members ÷ total number of members of the board of directors and the board of commissioners	Ratio
Audit Quality (X_3)	According to (Jevons Lee et al., 1999), audit quality is the probability that an auditor will not issue an unqualified audit opinion on financial statements that contain material misstatements.	Type of Accounting Firm (Big Four = 1; Non-Big Four = 0)	Nominal
Leverage (X_4)	According to the Directorate General of Taxes (DJP, 2023), leverage is a ratio used by companies to measure the use of debt to finance company assets.	Total Liabilities ÷ Total Assets	Ratio
Audit Tenure (X_5)	Audit tenure refers to the length of time an auditor has consecutively conducted audits for a company or the duration of the audit	1 = 3 years 0 < 3 years	Nominal

Varible	Definition	Indicators	Scale
	engagement between the client and the auditor (Effendi & Ulhaq, 2021).		
Dependent variable: Integrity Of Financial Statement (Y)	According to the conceptual framework of International Financial Reporting Standards (IFRS), financial statements with integrity are those that present information in a fair and reliable manner, thereby reflecting the entity's true economic condition (IASB, 2018).	PBV = Market Price of Stock ÷ Book Value of Stock.	Ratio

Data analysis Technique

The data analysis method used in this study is multiple linear regression analysis to examine the effect of several independent variables on the dependent variable. This method was selected because the study involves more than one independent variable and uses quantitative data presented in numerical form. The data were processed using statistical methods with the assistance of StataMP 17. The analysis procedure begins with descriptive statistical analysis to describe the characteristics of the research data. Furthermore, panel data regression model selection tests were conducted using the Chow test, Hausman test, and Lagrange Multiplier (LM) test. After determining the most appropriate model, classical assumption tests were performed, including normality, autocorrelation, multicollinearity, and heteroscedasticity tests. The final stage involved hypothesis testing to determine the effect of the independent variables on the dependent variable.

Result and Discussion

Descriptive Statistics

Descriptive statistical analysis is conducted to provide an overview of the characteristics of the research data before performing further analysis. This analysis helps explain the distribution and general pattern of the variables used in the study by presenting statistical measures such as the minimum value, maximum value, mean, and standard deviation. The mean value indicates the average level of each variable, while the standard deviation reflects the degree of variation or dispersion of the data from its average value. In addition, the minimum and maximum values describe the range of observations within the dataset. Therefore, descriptive statistics enable researchers to better understand the condition of the data and assess its suitability for subsequent regression analysis. Table 2 presents the results of the descriptive statistical analysis for all variables used in this study.

Table 2: Results of Descriptive Statistical Analysis

Descriptive Statistics					
Variabel	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Dev**
Y (ILK)	162	-.8330625	4.352459	1.423919	.9408008
X1 (KI)	162	0	.67	.4371605	.1143954
X2 (KO)	162	.18	.75	.4311728	.1472665
X3 (KA)	162	0	1	.2839506	.4523113
X4 (LV)	162	.02	3.6	.5761728	.5016125

X5 (AT)	162	0	1	.6666667	.4728662

Source: *Output* StataMP 17, 2026

Based on the results of descriptive statistics for 162 observations, the dependent variable Y (ILK) showed a mean value of 1.4239 with moderate dispersion. The independent variables X1 (KI) and X2 (KO) had relatively balanced means with low variation. Meanwhile, X3 (KA) and X5 (AT), as dummy variables, indicate that not all companies in the sample possess these characteristics. Variable X4 (LV) exhibits a relatively higher level of variation compared to the other variables. Overall, the research data has an adequate level of variation, making it suitable for further analysis.

Selection of Regression Estimation Methods for Panel Data

To determine the most appropriate panel data regression model, this study conducted several model selection tests. The first step involved the Chow test, which was used to compare the common effect model and the fixed effect model. The Chow test aims to identify whether the fixed effect model provides a better estimation than the common effect model. The decision is based on the probability value obtained from the test results. Table 3 presents the results of the Chow test conducted in this study.

Table 3: Results of the Chow Test

Chow Test	
F (53, 103)	= 1.34
Prob > F	= 0.1049

Source: *Output* StataMP 17, 2026

The Chow test is used to determine the most appropriate panel data regression model between the Common Effects Model (CEM) and the Fixed Effects Model (FEM). The null hypothesis (H_0) in this test states that the Common Effects Model is more appropriate, while the alternative hypothesis (H_1) states that the Fixed Effects Model is more appropriate. The Prob > F value of 0.1049 is greater than the 5% significance level ($\alpha = 0.05$), so H_0 cannot be rejected. Based on these results, it can be concluded that the Common Effect Model (CEM) is the more appropriate model to use in the panel data analysis for this study.

Table 4: Results of the Hausman Test

Hausman Test	
chi2(5)	= (b-B)'[(V_b-V_B)^(-1)](b-B)
	= 1.65
Prob > chi2	= 0.8005

Source: *Output* StataMP 17, 2026

The Hausman test is used to determine the most appropriate panel data regression model between the Fixed Effects Model (FEM) and the Random Effects Model (REM). The null hypothesis (H_0) in this test states that the Random Effects Model is more appropriate and consistent to use, while the alternative hypothesis (H_1) states that the Fixed Effects Model is more appropriate. The chi-square probability value of 0.8005 is greater than the 5% significance level ($\alpha = 0.05$), so H_0 is not rejected. Based on the results of the Hausman test, it can be concluded that the Random Effects Model (REM) is more appropriate for this study.

Table 5: Results of the LM Test

Breuschand Pagan Lagrangian Multiplier Test		
ILK[ID,t] = Xb + u[ID] + e[ID,t]		
Estimated results:		
	Var	SD = sqrt(Var)
ILK	.8851061	.9408008
e	.6480162	.8049945
U	.0893882	.2989786
Test: Var(u) = 0		
		chibar2(01) = 1.26
		Prob > chibar2 = 0.1305

Source: *Output* StataMP 17, 2026

The LM test is used to determine the most appropriate panel data regression model between the Common Effects Model (CEM) and the Random Effects Model (REM). The null hypothesis (H_0) in this test states that there is no individual effect (Var(u) = 0), so the CEM model is more appropriate to use. Meanwhile, the alternative hypothesis (H_1) states that there is a significant individual effect, so the REM model is more appropriate to use. The Prob > chi-square value of 0.1305 is greater than the 5% significance level ($\alpha = 0.05$), so H_0 is not rejected. Based on these results, it can be concluded that the Common Effect Model (CEM) is more appropriate for this study than the Random Effect Model (REM).

Results of the Classical Assumptions Test

Before conducting hypothesis testing, this study performed classical assumption tests to ensure that the regression model met the required statistical assumptions. One of the tests conducted was the normality test, which aims to determine whether the residual data are normally distributed. A normal distribution of residuals indicates that the regression model is appropriate for further analysis and can produce unbiased estimations. Table 6 presents the results of the normality test in this study.

Table 6: Results of the Normality test

Skewness and Kurtosis Tests For Normality					
Variable	Obs	Pr(skewness)	Pr(kurtosis)	Joint Test	
				Adj	*chi2(2)*
res	162	0.0012	0.0909	11.51	0.0032

Source: *Output* StataMP 17, 2026

In a normality test, data are said to be normally distributed if the probability value (p-value) is greater than the 5% significance level ($\alpha = 0.05$). Based on these results, the probability value for skewness is 0.0012, which is less than 0.05, indicating a deviation in the distribution toward the right (skewness). The kurtosis probability value of 0.0909 is indeed greater than 0.05; however, since the Joint Test yielded a Prob > chi^2 value of 0.0032 which is less than 0.05 it can be concluded that the residuals are not normally distributed.

Thus, the regression model in this study has residuals that do not satisfy the normality assumption. However, since the sample size in this study is relatively large (162 observations), based on the Central Limit Theorem, a residual distribution that is not fully normal can still be tolerated in regression analysis (Gujarati & Porter, 2009), so the model can still be used for hypothesis testing.

Table 7: Results of the Multicollinearity Test

Results of the Multicollinearity Test					
	KI	KO	KA	LV	AT
KI	1.0000				
KO	-0.0061	1.0000			
KA	0.0025	-0.3752	1.0000		
LV	-0.0645	-0.3331	0.3478	1.0000	
AT	0.0788	-0.2700	0.2420	-0.0552	1.0000

Source: *Output* StataMP 17, 2026

In addition to the normality test, this study also conducted a multicollinearity test using the Variance Inflation Factor (VIF) method. The VIF test aims to determine whether there is a high correlation among the independent variables in the regression model. A good regression model should not contain strong correlations among independent variables, as multicollinearity can affect the accuracy and reliability of the regression estimates. Table 8 presents the results of the Variance Inflation Factor (VIF) test in this study.

Table 8: Results of the Variance Inflation Factor Test

Variance Inflation Factor		
Variablel	VIF	1/VIF
KO	1.31	0.763943
KA	1.30	0.768628
LV	1.26	0.792137
AT	1.16	0.860469
KI	1.01	0.990091
Mean VIF	1.21	

Source: *Output* StataMP 17, 2026

Based on the results of the multicollinearity test, as shown by the correlation matrix among the independent variables, all correlation coefficients are below the critical threshold of 0.80. The results of the multicollinearity test using the Variance Inflation Factor (VIF) also support this conclusion. All independent variables showed VIF values below the threshold of 10, even approaching 1. Based on these test results, it can be concluded that the regression model used in this study is free from multicollinearity issues. Thus, all independent variables are suitable for simultaneous use in panel data regression analysis, without causing bias or distortion in the regression coefficient estimates.

Table 9: Results of the Heteroscedasticity Test

chi2(1)	=	2.17
Prob > chi2	=	0.1407

Source: *Output* StataMP 17, 2026

Based on Table 5.8, the results of the heteroscedasticity test show a $chi^2(1)$ value of 2.17 with a Prob > chi^2 value of 0.1407. This test uses the Breusch–Pagan/Cook–Weisberg test to determine whether there is heteroscedasticity in the regression model.

In this test, the null hypothesis (H_0) states that the residual variance is constant (no heteroscedasticity occurs). Meanwhile, the alternative hypothesis (H_1) states that the residual variance is not constant (heteroscedasticity occurs).

The Prob > chi² value of 0.1407 is greater than the 5% significance level (0.05). This means there is insufficient evidence to reject H_0. In other words, the regression model in this study does not exhibit heteroscedasticity.

Table 10: Results of the Autocorrelation Test

Obs	= 162
N(runs)	= 43
z	= -6.15
Prob>|z|	= 0

Source: *Output* StataMP 17, 2026

Based on the results of the autocorrelation test conducted using the Runs Test, there were 162 observations with 43 runs. The test statistic yielded a z-value of -6.15 with a Prob > |z| of 0, which means that the probability value is less than the 5% significance level ($\alpha = 0.05$). Thus, the null hypothesis (H_0) is rejected. The null hypothesis in this test states that the residuals are random or that there is no autocorrelation.

Table 11: Results of the Regression Test Using FGLS Regression

Cross-sectional time-series FGLS regression

Coefficients: generalized least squares
Panels: homoskedastic
Correlation: no autocorrelation

Estimated covariances	=	1	Number of obs	=	162
Estimated autocorrelations	=	0	Number of groups	=	54
Estimated coefficients	=	6	Time periods	=	3

		Wald chi2(5)	= 43.21
Log likelihood	= -200.3288	Prob > chi2	= 0.0000

Y (ILK)	Coefficient	Std.err.	z	P>z	[95% conf. interval]	
X1 (KI)	1.44723	.5769678	2.51	0.012	.3163938	2.578066
X2 (KO)	1.2339	.5102265	2.42	0.016	.2338744	2.233926
X3 (KA)	.887364	.1656159	5.36	0.000	.5627628	1.211965
X4 (LV)	.1894059	.1471055	1.29	0.198	-.0989156	.4777275
X5 (AT)	-.0614002	.1497241	-0.41	0.682	-.3548541	.2320536
_cons	-.0609413	.3999774	-0.15	0.879	-.8448825	.7229999

Source: *Output* StataMP 17, 2026

Based on the Table, the results of the regression analysis using FGLS regression indicate that the multiple linear regression equation in this study is:

$$\mathbf{ILK = -0{,}0609413 + 1{,}44723KI + 1{,}2339KO + 0{,}887364KA + 0{,}1894059LV + -0{,}0614002AT + e}$$

The results of the panel data regression estimation using Feasible Generalized Least Squares (FGLS) indicate that the model was estimated under the assumption of panel homoscedasticity and does not contain autocorrelation; thus, this method is suitable for addressing the autocorrelation issue detected in previous tests. The model was estimated using 162 observations from 54 cross-sectional units across 3 time periods, and involves 5 independent variables.

Simultaneously, the results indicate that the regression model has a Wald chi-squared (5) value of 43.21 with a p-value > 0.0000, meaning the model is statistically significant at the 5% significance level. This indicates that all independent variables in the model collectively have a significant effect on financial statement integrity (FSI), making the regression model suitable for further analysis.

Specifically, the independent director (ID) variable has a coefficient of 1.44723 with a z-value of 2.51 and a Prob > z of 0.012, indicating that ID has a positive and significant effect on financial statement integrity. This finding suggests that the higher the proportion of independent directors, the higher the level of a company's financial statement integrity.
The audit committee (AC) variable also shows a positive and significant effect on financial statement integrity with a coefficient of 1.2339, a z-value of 2.42, and Prob > z of 0.0016. These results indicate that the presence and stronger role of an audit committee can enhance the quality of oversight, thereby promoting the integrity of a company's financial statements.
Furthermore, the audit quality (KA) variable has a coefficient of 0.887364 with a z-value of 5.36 and a Prob > z of 0.000, indicating a positive and highly significant influence on financial statement integrity. These results suggest that companies audited by auditors of higher quality tend to have a higher level of financial statement integrity.

Meanwhile, the leverage (LV) variable has a coefficient of 0.1894059 with a z-value of 1.29 and a Prob > z of 0.198, indicating that leverage does not have a significant effect on financial statement integrity. This suggests that the company's level of debt utilization is not yet capable of significantly explaining the variation in financial statement integrity in this research model.
The audit tenure (AT) variable also shows a coefficient of -0.0614002, but with a z-value of -0.41 and a Prob > z of 0.682, so its effect on financial statement integrity is not statistically significant. This finding suggests that the length of the auditor's tenure does not necessarily affect a company's financial statement integrity.

The constant (_cons) has a coefficient value of –0.0609413 with a Prob > z of 0.879, indicating that the constant is not statistically significant. This suggests that the baseline value of financial statement integrity when all independent variables are zero is not the primary focus of the model, as such a condition does not represent a realistic empirical scenario. Therefore, the interpretation of the research is directed more toward the coefficients and significance of the independent variables in explaining the variation in financial statement integrity.

Conclusion

This study aims to examine the effects of independent commissioners, audit committees, audit quality, leverage, and audit tenure on financial statement integrity. The study was conducted on infrastructure sector companies listed on the Indonesia Stock Exchange from 2022 to 2024. The findings demonstrate that independent commissioners, audit committees, and audit quality positively influence financial statement integrity. These results confirm the importance of governance and monitoring mechanisms in reducing information asymmetry and limiting opportunistic managerial behavior. Companies with stronger governance structures and higher audit quality tend to present more transparent and reliable financial statements.

Meanwhile, leverage and audit tenure do not significantly affect financial statement integrity. These findings indicate that financial reporting integrity is not solely determined by debt levels or the duration of auditor engagement, but is more strongly influenced by effective governance mechanisms and professional audit practices.

This study contributes to the literature on corporate governance and financial reporting by providing recent empirical evidence from the Indonesian infrastructure sector. The study also extends previous research by applying more recent data and panel regression analysis using FGLS estimation. From a practical perspective, the findings provide implications for regulators, investors, and companies. Companies should strengthen the effectiveness of independent commissioners and audit committees to improve financial reporting quality. Regulators should also continue encouraging strong governance practices and maintaining audit quality standards. This study has several limitations. First, the study focuses only on infrastructure companies listed on the Indonesia Stock Exchange, limiting the generalizability of the findings to other sectors. Second, the study examines only five independent variables, while other factors such as managerial ownership, institutional ownership, profitability, firm size, and internal control quality may also influence financial statement integrity.

Future research is encouraged to expand the research sample to other industrial sectors, extend the observation period, and incorporate additional governance and financial variables to provide a more comprehensive understanding of factors affecting financial statement integrity.

References

Abbas, D., Siregar, I. G., & Basuki. (2021). Integrity Of Financial Statements And The Factors. *Journal of Accounting Science*, *5*(1), 18–28. https://doi.org/10.21070/jas.v5i1.1108

ACFE. (2019). *ACFE – Indonesia Chapter*. https://acfe-indonesia.or.id/survey-fraud-indonesia-2019/

ACFE. (2025). *ACFE – Indonesia Chapter*. https://acfe-indonesia.or.id/survey-fraud-indonesia-2025/

Al Rasid, S., Herliansyah, Y., & Suharmadi. (2024). The effect of audit committee, independent commissioners, leverage, audit quality and audit tenure on the integrity of financial reports (empirical study on mining companies in the oil, gas & coal sub-sector listed on the indonesia stock exchange for the period 2019 -2022). *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, *7*(3), 8347–8366.

Auliyah, A. H. F., Fitriyani, D., & Herawaty, N. (2022). Analisis Pengaruh Ukuran KAP, Audit Tenure, Audit Fee dan Independensi Auditor Terhadap Integritas Laporan Keuangan. *Jurnal Ilmiah Universitas Batanghari Jambi*, *22*(1), 272. https://doi.org/10.33087/jiubj.v22i1.2012

Azizah, F. N., Hermi, H., & Firdayetti, F. (2023). Pengaruh Financial Distress, Audit Tenure dan Komisaris Independen Terhadap Integritas Laporan Keuangan dengan Kualitas Audit Sebagai Variabel Moderasi. *Indo-Fintech Intellectuals: Journal of Economics and Business*, *3*(2), 295–309. https://doi.org/10.54373/ifijeb.v3i2.124

DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*, *3*(3), 183–199. https://doi.org/10.1016/0165-4101(81)90002-1

DeZoort, F. T., Hermanson, D. R., Archambeault, D. S., & Reed, S. A. (2002). Audit Committee Effectiveness: A Synthesis of the Empirical Audit Committee Literature. *Journal of Accounting Literature*, *21*, 38–75.

DJP. (2023). *Pengaruh Leverage, Profitabilitas, dan Good Governance terhadap Penghindaran Pajak*. https://pajak.go.id/id/artikel/pengaruh-leverage-profitabilitas-dan-good-governance-terhadap-penghindaran-pajak

Effendi, E., & Ulhaq, idho D. (2021). *Pengaruh Audt Tenure, Reputasi Auditor, Ukuran KAP Dan Komite Audit* (Abdul, Ed.; 4th ed.). Penerbit Adab.

Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control. *The Journal of Law and Economics*, *26*(2), 301–325. https://doi.org/10.1086/467037

FASB. (1980). *Statements of Financial Accounting Concept No. 2*.

Gujarati, D. N., & Porter, D. C. (2009). *Basic Econometrics* (5th ed.). McGraw-Hill.

IAI. (2015). *PSAK No. 1 Tahun 2015*.

IASB. (2018). *Conceptual Framework for Financial Reporting*. https://www.ifrs.org/

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Jevons Lee, C.-W., Liu, C., & Wang, T. (1999). The 150-hour rule. *Journal of Accounting and Economics*, *27*(2), 203–228. https://doi.org/10.1016/S0165-4101(99)00010-5

Leny Suzan, & Rizaldi, V. R. (2024). Factors Affecting The Integrity Of Property And Real Estate Company Financial Statement. *Jurnal Akuntansi*, *28*(1), 1–20. https://doi.org/10.24912/ja.v28i1.1642

Marlinda, C., Satria, H., Utami, R., Kurnia, S., & As Sahara, M. (2022). Financial statement integrity : corporate governance and quality audit evidence from food and beverage companies in indonesia. *Penanomics: International Journal of Economics*, *1*(1), 27–40. https://doi.org/10.56107/penanomics.v1i1.3

Mulyadi, R., Eka Jaya Ramdhani, H., & Suheny, E. (2022). The Effect of Corporate Governance, Audit Quality, and Auditor Industry Specialization on the Integrity of Financial Statements. *Journal of Applied Business, Taxation and Economics Research*, *1*(3), 231–242. https://doi.org/10.54408/jabter.v1i3.43

OJK. (2014). *Peraturan Otoritas Jasa Keuangan Nomor 33 /POJK.04/2014*. https://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/POJK33DireksidanDewanKomisarisEmitenAtauPerusahaanPublik_1419319443.pdf

OJK. (2015). *Peraturan Otoritas Jasa Keuangan Nomor 55 /POJK.04/2015*. https://share.google/Bu3WYNFFqnZI2MMmd

Prena, G. Das, & Cahyani, K. D. U. D. (2020). The influence of audit tenure, independent commissioner, audit committee, and audit quality on integrity of financial statements. *Jurnal Ilmiah Econosains*, *18*(1), 39–49. https://doi.org/https://doi.org/10.21009/econosains.0181.04

Prof. Dr. Sugiyono. (2022). *Metode Penelitia Kuantitatif, Kualitatif, Kombinasi dan R&D* (27th ed.). Alfabeta.

Rafif Ivan Hartono, H. L. (2022). Pengaruh audit tenure, fee audit, ukuran kantor akuntan publik, spesialisasi auditor, komite audit terhadap kualitas audit. *Diponegoro Journal Of Accounting*, *11*, 1–12.

Raza, H., Indriani, P., & Ilham, R. N. (2023). Influence of Audit Tenure and Size of Public Accounting Firm on Behavior of Integrity Financial Statements Integrity with the Committee Audit as Moderating Variable in Sub Companies Computer Services and Electronic Devices Sector. *International Journal of Professional Business Review*, *8*(7), e02762. https://doi.org/10.26668/businessreview/2023.v8i7.2762

Scott, W. R. (2015). *Financial Accounting Theory* (7th ed.). Pearson.

Suzan, L., & Mutiah, N. F. (2024). Integrity of Financial Statement Factors: Intellectual Capital, Independent Commissioner, and Company Size. *Atestasi : Jurnal Ilmiah Akuntansi*, *7*(1), 604–622. https://doi.org/10.57178/atestasi.v7i1.825

Syafana, A., & Parinduri, A. Z. (2024). Pengaruh komite audit, kepemilikan manajerial, ukuran perusahaan, dan leverage terhadap integritas laporan keuangan dengan kulitas audit sebagai variable moderasi (studi empiris pada perusahaan non-cyclicals dan cyclicals di BEI periode 2018-2022). *EBID:Ekonomi Bisnis Digital*, *2*(1), 67–78. https://doi.org/10.37365/ebid.v2i1.275

Watts, R. L., & Zimmerman, J. L. (1986). *positive accounting theory*. Prentice Hall.

Wulandari, M., Hernawati, E., & Ermaya, H. N. L. (2020). Pengaruh Corporate Governance, Kepemilikan Asing Dan Audit Tenure Terhadap Integritas Laporan Keuangan. *Jurnal Ilmiah Akuntansi Kesatuan*, *8*(3), 339–348. https://doi.org/10.37641/jiakes.v8i3.386