

ABSTRACT

Financial statements are a structured presentation of information consisting of financial position and performance which include assets, liabilities, equity, income and expenses of certain entities and are used for internal or external parties as a basis for decision making. Financial reports with integrity will describe accurate and reliable financial information.

This study aims to determine the effect of auditor industry specialization, investment opportunity set, and independent commissioners on the integrity of financial statements. This research was conducted at banking sub-sector companies listed on the Indonesia Stock Exchange for the period 2017 to 2021.

The population in this study are banking sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The data used is secondary data in the form of annual financial reports owned by banking sub-sector companies. The method used is a quantitative method by obtaining 205 data samples from 41 companies. The data collection technique in this study was purposive sampling and the panel data regression method was performed using Eviews 12 software.

The results of this study can be concluded that the specialization of the auditor industry, investment opportunity set, and independent commissioners simultaneously influence the integrity of financial statements. Partially, industry specialization of independent auditors and commissioners has no effect on the integrity of financial statements. While the investment opportunity set affects the integrity of financial statements. This study recommends that academics should focus on identifying factors that affect the integrity of financial statements, banking sub-sector companies should prioritize investment opportunities, and investors should utilize information about investment opportunity sets to make investment decisions.

For future researchers, it is suggested to be able to conduct research with a period outside of research and for academics, the results of this research are expected to help banking sub-sector companies in preparing their financial reports by conducting investment opportunity sets as a benchmark for achieving high-quality and integrity reports. Furthermore, it is expected that the auditor will pay attention in examining the client company's financial statements. As for investors, the investment opportunity set information in this study can assist investors in making investment decisions.

Keywords: *Auditor Industry Specialization, Financial Statements Integrity, Independent Commissioners, Investment Opportunity Set*