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94 QUALITY MANAGEMENT 1. Preliminary The financial report is presenting information about financial data company for **users of financial statements** that are useful in decision making. In the era of globalization, as now, the progress of a country's economy is getting better, one of which is motivated by the entity or company.

To know the prospects and the level of smoothness of an entity can be seen from its financial statements. Each company presents the financial statements to determine how the condition of the company itself. Financial statements are expected to be presented feasible, clear, and complete, which reveals the economic realities of the existence and operation of the company.

In preparing the financial statements, accounting confronted with the possibility of danger deviations (bias), misinterpretation and inaccuracy. 2. Literature review In an implementation of the company's activities, **the principles of Good Corporate Governance (GCG) is** poured into a mechanism. This mechanism is needed so that activities can run a healthy company **in accordance with the** specified direction.

Good Corporate Governance mechanism according to Mas Ahmad Daniri (2005) is a pattern of relationships, systems, and processes used **by the company organs (Board of Directors, Board of Commissioners, GMS) in order to provide added value to shareholders on an ongoing basis over the long term by taking into account the interests of** stakeholders the other, based on rules and regulations and norms.

Corporate governance is **one key element in improving economic** efficiency, which includes a series of relationships between the company's management, board of directors, shareholders, and other stakeholders who also provide a structure that

facilitates the determination of the objectives of a company, and as a means to determine performance monitoring techniques, Deni, Khomsiyah and Rica (2004), Khaddafi et al (2014) .

Companies that have implemented good corporate governance should already comply with the principles of Good Corporate Governance (GCG), namely fairness, transparency, accountability, and responsibility. The fourth component is important because the application of the principles of GCG consistently proven to improve the quality of financial reports, Beasley in Ariel and Bambang (2007).

Quality financial statements must be able to provide information that is relevant and useful in economic decision making and investment decisions for its users. The information in financial statements must also have reliable criteria (reliable). According to the Indonesian Accountants Association (2011), information can be considered reliable if free from misleading understanding, the existence of material errors, and can be relied upon by users of financial statements as sincere or honest representation of who should have presented or are reasonably expected to be presented so as to reduce the emergence of accounting manipulation.

But the reality is a lot happening during the manipulation of accounting data is more particularly in the financial statements. As was the QUALITY Access to Success Vol. 19, No. 164/June 2018 Effect of Corporate Governance Mechanism, Independence and Management of Earnings Integrity of Financial Statements (In Manufacturing Companies Listed on the Stock Exchange) Muammar KHADDAFI 1* , WAHYUDDIN 1, Mohd.

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*Corresponding author: Muammar Khaddafi, Lecturer Department of Accounting Faculty of Economics and Business, Universitas Malikussaleh, Indonesia; E-mail: ammar.dhafi88@gmail.com; khaddafi@unimal.ac.id Abstract This study aims to analyze and obtain empirical evidence about the effect of corporate governance mechanisms (independent commissioners, managerial ownership, institutional ownership, audit committees), Independence and earnings management for the integrity of financial statements in manufacturing companies in Indonesia.

Integrity of financial statements is defined as the extent to which the financial statements show a true and honest information. Independent variables used in this study is the corporate governance mechanisms are analyzed by independent commissioners, managerial ownership, institutional ownership, audit committees, independence and earnings management.

Dependent variable used in this study is the integrity of financial statements analyzed by conservatism, in observation from 2013-2015. This study uses 14 manufacturing companies listed on the Stock Exchange in 2013 through 2015. Samples obtained using a purposive sampling method. The research data were analyzed with multiple linear regression analysis.

The study is an independent commissioner, audit committee did not significantly affect the integrity of financial statements. As for managerial ownership, institutional ownership, independence and earnings management significantly affect the integrity of the financial statements. Keywords: Corporate Governance, an independent commissioner, Managerial Ownership, Institutional Ownership, and the audit committee, independence, earnings management, and integrity of financial statements.

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