

**UNIVERSITI TEKNOLOGI MARA**

**AUDIT COMMITTEE ATTRIBUTES AND  
CORPORATE FRAUD**

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Dissertation submitted in partial fulfillment of the requirements  
for the degree of

**Master of Accountancy**


**Faculty of Accountancy**

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## CANDIDATE'S DECLARATION

I declare that the work in this dissertation carried out in accordance with the regulations of Universiti Teknologi Mara. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This topic is not been submitted to any other academic institution or non-academic institution for any degree or qualification.

In the event that my dissertation found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA.

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## ABSTRACT

The objective of this study is to examine the relationship between audit committee attributes (audit committee independent, expertise, meeting, gender and ethnicity) and the propensity of fraudulent financial reporting. The sample includes 116 frauds and non-fraud companies listed on Bursa Malaysia from the year 2005 to 2010. The finding of this study indicates that the audit committee's independence is positively associated with fraudulent financial reporting. The higher proportion of independent or outside director in the committee, the higher the propensity of financial fraud occurrences. The results also show that, the audit committee expertise is negatively associated with the corporate fraud. This suggests that when audit committee members are financially literate, they are more competent to curb fraudulent financial reporting. However, the finding for audit committee meeting, gender and ethnicity show that there is no relationship between these variables with the corporate fraud. The result of this study is robust after controlling the other firm-specific effects.

**Keywords:** audit committee independent, financial literacy, fraudulent financial reporting.

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