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DETERMINANTS OF AUDIT REPORT LAG IN INDONESIA

Brian Audika
Veteran National Development University, Surabaya, Indonesia
brianaudika@gmail.com
Hero Priono
Veteran National Development University, Surabaya, Indonesia
heropriono@yahoo.com
Rida Perwita Sari
Veteran National Development University, Surabaya, Indonesia
ridaps.ak@upnjatim.ac.id

Abstract

Financial statements are a very important part of the company, especially for public companies. Users of financial statements are very broad, ranging from internal managerial as performance measurement and decision making to investors and creditors. The purpose of this study was to determine and analyze empirically the effect between audit committee size, independent audit committee, audit committee expertise, and diligent audit committee with audit report lag. This type of research is quantitative research. The data analysis method in this study uses the Smart Equation Model Partial Least Square (SEM-PLS). The variables that will be observed in this study are audit committee size, audit committee independence, audit committee expertise and audit committee diligence as independent variables, while audit report lag is the dependent variable. Company size, profitability, KAP reputation are used as control variables in 78 property sector companies listed on the Indonesia Stock Exchange in 2021-2022. The results of this study provide empirical evidence that good GCG implementation can have an impact on audit report lag.
Keywords: Financial statements, audit committee size, independent audit committee, audit committee expertise, audit committee diligence, audit report lag

Abstrak

Laporan keuangan merupakan bagian yang sangat penting bagi perusahaan, khususnya bagi perusahaan publik. Pengguna laporan keuangan sangat luas, mulai dari pihak internal manajerial sebagai pengukuran kinerja dan pengambilan keputusan hingga investor dan kreditor. Tujuan penelitian ini adalah untuk mengetahui dan menganalisis secara empiris pengaruh antara ukuran komite audit, komite audit independen, keahlian komite audit, dan ketekunan komite audit terhadap audit report lag. Jenis penelitian ini adalah penelitian kuantitatif. Metode analisis data dalam penelitian ini menggunakan Smart Equation Model Partial Least Square (SEM-PLS). Variabel yang akan diamati dalam penelitian ini adalah ukuran komite audit, independensi komite audit, keahlian komite audit dan ketekunan komite audit sebagai variabel independen, sedangkan audit report lag sebagai variabel dependen. Ukuran perusahaan, profitabilitas, reputasi KAP digunakan sebagai variabel kontrol pada 78 perusahaan sektor properti yang terdaftar di Bursa Efek Indonesia tahun 2021-2022. Hasil penelitian ini memberikan bukti empiris bahwa penerapan GCG yang baik dapat berdampak pada audit report lag.
Kata kunci: Laporan keuangan, ukuran komite audit, komite audit independen, keahlian komite audit, ketekunan komite audit, audit report lag

INTRODUCTION

As an impact of globalization, business organizations have made efforts to determine strategies that will contribute to sustainable competitive advantage.[1] Financial statements play a crucial role in a company's operations, particularly for publicly traded corporations. The users of financial statements encompass a wide range of individuals, including internal managers who use them for performance evaluation and decision-making, as well as investors and creditors. Financial reports should be meticulously and comprehensively created to cater to the specific informational requirements of the intended recipients.[2]

According to the Financial Services Authority of the Republic of Indonesia Regulation Number 14/POJK.04/2022, companies that are listed on the Indonesia Stock Exchange must regularly disclose financial statements to the public. The mentioned periodic financial reports are the Annual Report and Mid-Year Financial Report. The financial statements consist of the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flow, and notes to financial statements. Furthermore, according to POJK Number 29/POJK.04/2016, OJK mandates that financial statement reporting must be publicly disclosed at the conclusion of the fourth month following the financial statements' date.

A timely release of audited financial accounts is required because stakeholders require financial reporting. A delay in the financial accounts' presentation results in a loss for all parties involved, particularly creditors and investors. Therefore, it is crucial to publish financial statements accurately in order to provide stakeholders with pertinent information.[3]

Publication of financial statements is contingent upon their audit by an independent third party. Businesses are able to see what they are doing clearly in this way. Decisions or policies can then be made using the data audit.[4] The goal of the audit procedure is to guarantee that there have been no substantial misstatements and that the financial statements have been presented fairly in

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[1] J. E. Sutanto, Eric Harianto, and Denpharanto Agung Krisprimandoyo, "The Role of Service Innovation and Competitive Advantage Ad Mediators of Product Innovation on Marketing Performance: Evidence from the SME Manufacturing Firms in Indonesia," *Uncertain Supply Chain Management* 12, no. 3 (2024): 2079–90, https://doi.org/10.5267/j.uscm.2024.1.024.

[2] Mochamad Ardhan Fadhlan and Luqita Romaisyah, "PENGARUH AUDIT RISK, AUDIT COMPLEXITY, DAN AUDIT EXPERTISE TERHADAP AUDIT REPORT LAG," *Jurnal MEBIS (Manajemen dan Bisnis)* 5, no. 1 (August 24, 2020): 31–38, https://doi.org/10.33005/mebis.v5i1.102.

[3] Samuel Parlindungan Silalahi and Harman Malau, "Pengaruh Profitabilitas dan Komite Audit terhadap Audit Report Lag pada Perusahaan Sub Sektor Property dan Real Estate (2017-2018)," *Jurnal Ilmiah Universitas Batanghari Jambi* 20, no. 2 (July 1, 2020): 388, https://doi.org/10.33087/jiubj.v20i2.918.

[4] Sandika Rhamadona et al., "Communication Audit of Digital Entrepreneurship Academy of Human Resources Research Program and Development Agency of the BPSDMP Kominfo Surabaya in Pamekasan Region," *Jurnal Riset Multidisiplin Dan Inovasi Teknologi* 2, no. 01 (December 5, 2023): 197–206, https://doi.org/10.59653/jimat.v2i01.422.

compliance with the relevant standards. There are delays in the audit process since it follows preset standards and takes a predetermined amount of time. It refer to this as audit report lag.[5]

The audit report lag is the time frame required for an auditor to complete an audit, as defined by Raweh et al.[6] It refers to the gap between the signing of an independent auditor's report and the closing date of the company's annual financial statements, indicating the duration required for the auditor to complete the audit findings.

Players in the stock market will react negatively to any delays in information or publishing. Investors may view a company's tardiness in releasing financial reports as a warning indicator, meaning that the information in the report will become outdated and inaccurate for outside parties and capital market participants. Studying this is crucial because, in comparison to other nations, Indonesia's capital market is not as developed. As a result, investors rely heavily on the timely and accurate financial information available to them to assess the company's performance and financial standing.[7] The aim of this research is to ascertain and conduct an empirical analysis of the relationship between audit committee diligence, size, independence, and expertise and audit report lag. According to Saragih & Laksito,[8] prompt financial report release can reduce information asymmetry and decision-making uncertainty.

Article 4 of Financial Services Authority Regulation Number 55 / POJK.04 / 2015 mandates an audit committee consisting of at least three independent commissioners and external members. This ensures the quality of financial statements, expedites the examination of audit results, and reduces audit report lag.[9] The committee also ensures the effectiveness of independent auditors to reduce the preparation time for the audit report.[10]

The audit committee is a crucial component of every business, serving as the board of commissioners' ultimate supervisor over corporate governance implementation. Therefore,

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[5] Fadhlan and Romaisyah, "PENGARUH AUDIT RISK, AUDIT COMPLEXITY, DAN AUDIT EXPERTISE TERHADAP AUDIT REPORT LAG"; Nahla Abdulrahman Mohammed Raweh, Hasnah Kamardin, and Mazrah Malik @ Malek, "Audit Committee Characteristics and Audit Report Lag: Evidence From Oman," *International Journal of Accounting and Financial Reporting* 9, no. 1 (January 3, 2019): 152, https://doi.org/10.5296/ijafr.v9i1.14170; Silalahi and Malau, "Pengaruh Profitabilitas dan Komite Audit terhadap Audit Report Lag pada Perusahaan Sub Sektor Property dan Real Estate (2017-2018)."

[6] Raweh, Kamardin, and Malik @ Malek, "Audit Committee Characteristics and Audit Report Lag."

[7] Prasetyo et al., "What Affects Audit Delay in Indonesia?," *Academy of Entrepreneurship Journal* 27 (2021): 1–15.

[8] Hizkia Efraldo Saragih and Herry Laksito, "PENGARUH EFEKTIVITAS KOMITE AUDIT TERHADAP KETEPATAN WAKTU PELAPORAN KEUANGAN," 2021.

[9] Mariani, K., & Latrini, M. Y, "KOMITE AUDIT SEBAGAI PEMODERASI PENGARUH REPUTASI AUDITOR DAN TENURE AUDIT TERHADAP AUDIT REPORT LAG" 16, no. 3 (2016), https://erepo.unud.ac.id/id/eprint/7845.

[10] Hope Osayantin Aifuwa et al., "Audit Committee Attributes and Timeliness of Corporate Financial Reporting in Nigeria," *Accounting and Finance*, no. 2(88) (2020): 114–24, https://doi.org/10.33146/2307-9878-2020-2(88)-114-124; Nigar Sultana, Harjinder Singh, and J-L. W. Mitchell Van der Zahn, "Audit Committee Characteristics and Audit Report Lag," *International Journal of Auditing* 19, no. 2 (July 1, 2015): 72–87, https://doi.org/10.1111/ijau.12033.

excellent governance is required to attain the intended firm objectives.[11] The audit committee is accountable to the board of commissioners and was established by the board of commissioners to help with the board's responsibilities, according to the Financial Services Authority (2015).

As a component of the management team of the business, the audit committee is accountable to the board of directors for a number of committee duties. The audit committee supervises the preparation of the financial statements. In this instance, the committee is in charge of both independent auditors and management operations related to the financial statement process.[12]

Monitoring planning and execution, as well as assessing the audit's outcomes and internal control's viability and effectiveness including supervising the financial statement preparation process are all under the purview of the audit committee. The audit report lag will be shorter the more audit committees there are. One of the reasons for a protracted audit report delay is inadequate internal control.[13] Nevertheless, audit report lag is unaffected by the audit committee. This is so because, according to Kusumah et al.,[14] the audit committee simply serves as a supervisor throughout the independent auditor's report preparation process, rather than having a direct input in the audit report itself.

According to Article 4 of Financial Services Authority Regulation Number 55 / POJK.04 / 2015, the audit committee must have a minimum of three independent commissioners and external members. Three people must be present for an audit committee to be eligible for membership, according to the Financial Services Authority, which oversees audit committees. An impartial commissioner will then serve as the group's head. One of the key attributes that might affect how well a firm is able to execute the financial reporting process is its independence, which is defined as not having a particular connection with the entity.[15]

The audit committee must possess specialized competence, particularly in working with external auditors, to perform its obligations. This knowledge is crucial for facilitating the preparation of financial reports and expediting the audit procedure. Financially savvy audit

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[11] Silalahi and Malau, "Pengaruh Profitabilitas dan Komite Audit terhadap Audit Report Lag pada Perusahaan Sub Sektor Property dan Real Estate (2017-2018)."

[12] Azhaar Lajmi and Mdallelah Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies," *EuroMed Journal of Business* 17, no. 4 (January 1, 2022): 619–33, https://doi.org/10.1108/EMJB-05-2021-0070.

[13] Ahmed Atef Oussii and Neila Boulila Taktak, "Audit Report Timeliness," *EuroMed Journal of Business* 13, no. 1 (January 1, 2018): 60–74, https://doi.org/10.1108/EMJB-10-2016-0026.

[14] R. Wedi Rusmawan Kusumah, Daniel Manurung, and Universitas Widyatama, "Pentingkah Good Corporate Governance bagi Audit Report Lag?," *Jurnal Akuntansi Multiparadigma*, April 30, 2017, https://doi.org/10.18202/jamal.2017.04.7047.

[15] Made Gede Wirakusuma and Verawati, "PENGARUH PERGANTIAN AUDITOR, REPUTASI KAP, OPINI AUDIT DAN KOMITE AUDIT PADA AUDIT DELAY," . . *November*, 2016.

committees can improve the timeliness of reports by expediting the submission of audit reports.[16] However, there is no connection between audit report lag and auditor competence level, as not all businesses have audit committees with financial specialists.[17] This is due to the lack of such committees in some businesses.

According to Article 4 of Financial Services Authority Regulation Number 55 / POJK.04 / 2015, the audit committee must have a minimum of one person with a background in finance and accounting. Compared to audit committee members without expertise, those with more experience in internal control make conclusions or judgements that are comparable to those of auditors. This indicates that the audit committee's ability to comprehend and resolve troubling problems in the company's financial reporting system depends critically on expertise in accounting, internal control, or auditing.[18]

The audit committee recognizes the importance of accurate and timely financial reports for businesses, as it helps maintain a company's reputation and attracts investors. Expert members, particularly certified public accountants, understand auditors' obligations and are more sympathetic to them. When discussing a company's financial reporting, expert committee members are more 'pleasant', comprehensible, rational, and coherent, making the process more enjoyable and coherent.

Audit committee diligence refers to meetings conducted by the committee to address financial reporting errors. Research shows that if the committee meets with sufficient rigor, it can reduce audit report lag. This process can be expedited by conducting meetings to fulfill its responsibilities.[19] Research shows that audit committee meetings significantly reduce audit report lag, demonstrating how they can enhance the quality of the report and prompt its release if they occur often enough.[20]

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[16] Raweh, Kamardin, and Malik @ Malek, "Audit Committee Characteristics and Audit Report Lag."

[17] Ihsanul Fakri and Salma Taqwa, "Pengaruh Karakteristik Komite Audit Terhadap Audit Report Lag," *JURNAL EKSPLORASI AKUNTANSI* 1, no. 3 (August 13, 2019): 994–1011, https://doi.org/10.24036/jea.v1i3.123; Kennardi Tanujaya, "PENGARUH KARAKTERISTIK PERUSAHAAN DAN KOMITE AUDIT TERHADAP AUDIT REPORT LAG" 4, no. 3 (2022).

[18] Fakri and Taqwa, "Pengaruh Karakteristik Komite Audit Terhadap Audit Report Lag"; Ummi Junaidda Binti Hashim and Rashidah Binti Abdul Rahman, "Audit Report Lag and the Effectiveness of Audit Committee Among Malaysian Listed Companies," 2011.

[19] Erasmus Mbobo and Adebimpe Otu Umoren, "THE INFLUENCE OF AUDIT COMMITTEE ATTRIBUTES ON THE QUALITY OF FINANCIAL REPORTING," 2016; Vineeta D. Sharma and Chunli Kuang, "Voluntary Audit Committee Characteristics, Incentives, and Aggressive Earnings Management: Evidence from New Zealand," *International Journal of Auditing* 18, no. 1 (March 1, 2014): 76–89, https://doi.org/10.1111/ijau.12013; Silalahi and Malau, "Pengaruh Profitabilitas dan Komite Audit terhadap Audit Report Lag pada Perusahaan Sub Sektor Property dan Real Estate (2017-2018)."

[20] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies"; Susandya, A. A. P. G. B. A., & Suryandari, N. N. A, "FAKTOR-FAKTOR YANG BERPENGARUH TERHADAP AUDIT REPORT LAG PADA PERUSAHAAN LQ-45 DETERMINANTS OF AUDIT REPORT LAG: FURTHER EVIDENCE FROM INDONESIA.," 2021.

The audit committee convenes many times annually to oversee the efficiency of the organization's internal control measures. Additionally, the audit committee meets with stakeholders such as partners in public accounting firms, shareholders, internal control system teams, and higher management.[21] Following the audit committee meeting, management processes and follows up on the findings. The audit committee will report any issues it discovers to the board of commissioners. As to the Financial Services Authority Regulation (POJK) Number 55 / POJK.04 / 2015, the audit committee convenes on a regular basis, ideally bimonthly.

Regular evaluations of the audit committee's performance in monitoring internal controls and financial reporting are necessary. Meetings should take place at least three or four times a year, with the audit committee chairman presiding over them and providing clear direction. In order to harmonise opinions and ensure information symmetry in line with the company's reality, the audit committee will benefit from well-run, frequent meetings. These sessions will also help the committee examine accounting and internal control systems. The purpose of this conference is to review the company's progress and future plans for adopting sound corporate governance.[22]

As the foundation of the unaudited financial accounts provided by management, the audit committee employs the application of agency theory in its monitoring process. In this scenario, management functions as an agent to lessen the agent's opportunistic behaviour. To prevent conflicts between management and shareholders, auditors must be impartial, trustworthy, and independent third parties who can demonstrate that the financial statements prepared by management are accurate and free from corruption.[23]

A number of firms got warnings in 2021 and 2022 regarding the filing of audited financial accounts, according to information acquired from the Indonesia Stock Exchange under the numbers Peng-LK-00003/BEI.PP3/05-2022 and No. Peng-LK-00010/BEI.PP3/08-2022. A number of real estate enterprises, including PT Hanson Internasional Tbk, PT Bakrieland Development Tbk, and PT City Retail Development Tbk, received warnings for two years in a row over late reporting. Because the three businesses are involved in the real estate industry, researchers want to expand their study on audit report lags in this field.

The study differs from the reference research in that it makes use of independent factors, namely audit committee size, independence, diligence, and experience. The process of choosing

[21] Lailah Fujianti and Indra Satria, "Firm Size, Profitability, Leverage as Determinants of Audit Report Lag: Evidence From Indonesia," *International Journal of Financial Research* 11, no. 2 (March 16, 2020): 61, https://doi.org/10.5430/ijfr.v11n2p61.

[22] Mbobo and Umoren, "THE INFLUENCE OF AUDIT COMMITTEE ATTRIBUTES ON THE QUALITY OF FINANCIAL REPORTING."

[23] Diza Dianeke Budi Prabowo and Dwi Suhartini, "The Effect of Independence and Integrity on Audit Quality: Is There A Moderating Role for E-Audit?," *Journal of Economics, Business, & Accountancy Ventura* 23, no. 3 (March 31, 2021): 305–19, https://doi.org/10.14414/jebav.v23i3.2348.

independent variables involves taking into account discrepancies in the findings of earlier studies, indicating that further research is required to validate the findings. The research subjects in this study varied from those in the reference study as well. This study, which was limited to the years 2021–2022, was carried out in Indonesia utilising real estate firms that were listed on the Indonesia Stock Exchange.

Comparable research carried out in Indonesia use control variables as a means of differentiation. The study's control variables are KAP reputation, profitability, and firm size. The audit report lag study by Kusumah et al., and Lajmi & Yab[24] makes use of the same control variables. This study indicates that there is a strong relationship between audit report lag and the control variable.

Since this study draws on studies from developing nations, it should be able to depict circumstances that are comparable to those in Indonesia, a developing nation. Additionally, it will raise awareness among stakeholders and investors of the value of corporate governance practices in minimising audit report delays in developing economies. Researchers should find this study useful and motivated to look into this topic more thoroughly and broadly in other rising economies.

LITERATURE REVIEW

Research on Tunisian banking and financial enterprises found inconsistent findings, with audit committee expertise, diligence, board size, and the number of GMS having significant and positive impacts on audit report lag.[25] Control factors like KAP reputation, firm size, profitability, and director diversity affect audit report lag. Profitability and gender diversity negatively impact lag, while company size and reputation have minimal impact.

Research on non-financial companies found that audit committee independence, the number of audit committees, meetings, and the board of commissioners all have an adverse effect on the delay of audit reports.[26] The board of commissioners significantly impacts the lag in the audit report. These findings concur with those of Maharani & Redjo[27] who found no relationship between

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[24] Mohamed Ahmed Kaaroud, Noraini Mohd Ariffin, and Maslina Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms," *Journal of Islamic Accounting and Business Research* 11, no. 1 (January 1, 2020): 70–89, https://doi.org/10.1108/JIABR-05-2017-0069; Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[25] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[26] Kusumah, Manurung, and Universitas Widyatama, "Pentingkah Good Corporate Governance bagi Audit Report Lag?"

[27] Destin Alfianika Maharani and Paulina Rosna Dewi Redjo, "Corporate Governance Factors On Audit Report Lag," *JAS (Jurnal Akuntansi Syariah)* 7, no. 1 (June 23, 2023): 58–72, https://doi.org/10.46367/jas.v7i1.1084.

audit report latency and audit committee size. However, the models used in these two research lack control factors.

In 2018, Oussii & Boulila Taktak study on audit report latency in Tunisian-listed firms found that audit committee size, audit opinion, and coordination between internal and external auditors significantly impact the lag of audit reports. This highlights the importance of both internal and external auditors in ensuring timely audit completion.

Abernathy et al., investigated businesses in the food, cigarette, textile, paper, and chemical industries.[28] The reason managerial skill is a variable in financial reporting is that a company with knowledgeable managers would disclose financial data on time. The study found that managerial skill significantly impacts audit report latency, highlighting the correlation between timely financial reporting and quality human resources, and thereby reducing audit report lag.

Amrizal & Damayanti looked into the variables affecting the latency of audit reports and connected it to trading volume activities.[29] Mining businesses were the subject of the investigation. The findings showed that the following relationships existed: leverage negatively impacts audit report latency; KAP size negatively impacts audit report lag; firm size negatively impacts audit report lag; and trading volume activity negatively impacts audit report lag.

Agency Theory

Agency theory explains the relationship between principals and agents, where the principal authorizes agents to perform tasks on their behalf and allows them to make decisions.[30] However, there may be conflicts of interest between the two. The primary goal of agency theory is to minimize conflicts of interest and ensure agents act in the principal's best interests. The audit committee uses agency theory to audit unaudited financial statements, aiming to reduce opportunistic behavior by having a public accounting firm audit the company's financial statements, ensuring effectiveness, accountability, and shareholder and investor interests.

The Effect of Audit Committee Size on Audit Report Lag

The audit committee, a part of a company's board of directors, is responsible for supervising and supporting auditors in maintaining independence from management. It must have at least three

[28] John L. Abernathy, Thomas R. Kubick, and Adi Masli, "Evidence on the Relation between Managerial Ability and Financial Reporting Timeliness," *International Journal of Auditing* 22, no. 2 (July 1, 2018): 185–96, https://doi.org/10.1111/ijau.12112.

[29] Amrizal and Fina Damayanti, "Faktor-Faktor Yang Mempengaruhi Audit Report Lag Serta Dampaknya Terhadap Trading Volume Activity," *Jurnal Wahana Akuntansi* 17, no. 2 (December 5, 2022): 124–38, https://doi.org/10.21009/wahana.17.021.

[30] Michael. C Jensen and William. H Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," *Journal of Financial Economics* 3 (1976): 305–60.

independent commissioners and external members, as per Financial Services Authority Regulation Number 55 / POJK.04 / 2015. The committee's role in compiling financial statements can enhance audit quality and public confidence. The size of the audit committee can influence audit report latency, as a substantial committee can solve financial statement issues more quickly.[31] However, the size of the committee and the delay in audit reports have a negative relationship.[32]

The Effect of Audit Committee Independence on Audit Report Lag

The independence of an audit committee is crucial for maintaining integrity and adhering to ethical guidelines. As per Financial Services Authority Regulation Number 55 / POJK.04 / 2015, a minimum of three independent commissioners and external members is required.[33] Independent committees are more trustworthy, reducing reporting delays. However, the independence of the audit committee can negatively impact the delay in audit reports, as noted by Saragih & Laksito.[34] Therefore, maintaining the independence of the audit committee is essential for maintaining audit integrity.

The Effect of Audit Committee Expertise on Audit Report Lag

The December 7, 2012, Bapepam and LK No. Kep-643/BL/2012 Decree requires at least one member of the Audit Committee to have basic education in accounting or finance and experience in the field.[35] This ensures the company's financial reporting is timely and reduces risks associated with delays in providing financial information to shareholders and other stakeholders. Experience from the audit committee is crucial in ensuring the company's financial reporting is accurate and timely. However, a negative correlation exists between the competence of the audit committee and the delay in audit reports.[36]

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[31] Henry Chalu, "Board Characteristics, Auditing Characteristics and Audit Report Lag in African Central Banks," *Journal of Accounting in Emerging Economies* 11, no. 4 (January 1, 2021): 578–609, https://doi.org/10.1108/JAEE-09-2019-0173; Rasha M Nouraldeen, Mohamed Mandour, and Wagdi Hegazy, "AUDIT REPORT LAG: DO COMPANY CHARACTERISTICS AND CORPORATE GOVERNANCE FACTORS MATTER? EMPIRICAL EVIDENCE FROM LEBANESE COMMERCIAL BANKS," 2021.

[32] Raweh, Kamardin, and Malik @ Malek, "Audit Committee Characteristics and Audit Report Lag."

[33] Budi Chandra and Kellin, "ANALISIS PENGARUH KARAKTERISTIK KOMITE AUDIT TERHADAP KETERLAMBATAN AUDIT PADA PERUSAHAAN YANG TERDAFTAR DI BURSA EFEK INDONESIA," *JOURNAL OF APPLIED MANAGERIAL ACCOUNTING* 4, no. 2 (October 31, 2020): 186–207, https://doi.org/10.30871/jama.v4i2.2006.

[34] Saragih and Laksito, "PENGARUH EFEKTIVITAS KOMITE AUDIT TERHADAP KETEPATAN WAKTU PELAPORAN KEUANGAN."

[35] Ayu Dewi Shinta and Made Dudy Satyawan, "Pengaruh Probabilitas Kebangkrutan, Profitabilitas, Keahlian Komite Audit, Dan Keaktifan Komite Audit Terhadap Audit Report Lag," *Jurnal Akuntansi AKUNESA* 9, no. 3 (February 12, 2021): 54–63, https://doi.org/10.26740/akunesa.v9n3.p54-63.

[36] Dzulkifli and Totok Dewayanto, "PENGARUH DEWAN KOMISARIS INDEPENDEN, UKURAN KOMITE AUDIT, KEAHLIAN KOMITE AUDIT, RAPAT KOMITE AUDIT, RAPAT DEWAN PENGAWAS SYARIAH TERHADAP AUDIT REPORT LAG," 2022.

The Effect of Audit Committee Diligence on Audit Report Lag

The number of meetings the audit committee has annually is known as audit committee diligence.[37] Conducting regular meetings enables the audit committee to be informed about accounting and auditing matters, and may facilitate prompt resolution of concerns by both external auditors and internal corporate staff. Dzulkifli & Dewayanto state that a low meeting frequency will result in a longer time to settle problems.[38]

The Financial Services Authority Regulation (POJK) Number 55/POJK.04/2015 mandates audit committee meetings to be held at least once every three months, with the majority of members present to ensure proper functioning and oversight.

The study by Lajmi & Yab found that the effort put forth by the audit committee has a negative correlation with the time it takes to complete the audit report, suggesting that conducting rigorous committee sessions can expedite problem-solving and minimize reporting delays.[39]

RESEARCH METHODS

This study is classified as quantitative research, with the objective of identifying and precisely measuring the observable variables and their relationships.[40] The independent factors to be monitored in this research are audit committee size, audit committee independence, audit committee expertise, and audit committee diligence. The dependent variable is the audit report lag. Control factors such as company size, profitability, and KAP reputation are used in analysing property sector businesses listed on the Indonesia Stock Exchange throughout the period of 2021-2022.

The data used in this research is classified as secondary data. Secondary data refers to information that has been gathered by other sources and then used for fresh research purposes. The data used in this research include the audited financial statements of Property firms. Official audited financial reports may be acquired at either the Indonesia Stock Exchange's official website or the official website of each individual issuer. Utilising documentation strategies for data collecting. To use this method, one must get audited financial statements from either the official website of the Indonesia Stock Exchange or the official website of the issuer.

[37] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[38] Dzulkifli and Dewayanto, "PENGARUH DEWAN KOMISARIS INDEPENDEN, UKURAN KOMITE AUDIT, KEAHLIAN KOMITE AUDIT, RAPAT KOMITE AUDIT, RAPAT DEWAN PENGAWAS SYARIAH TERHADAP AUDIT REPORT LAG."

[39] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[40] Sugiyono, *METODE PENELITIAN KUANTITATIF KUALITATIF Dan R&D*, M.Dr. Ir. Sutopo, S.Pd (ed); ke2 ed, 2021.

The population for this research consists of 78 property businesses that are listed on the Indonesia Stock Exchange throughout the year of 2021-2022. The study sample selection used purposive sampling in order to get samples that met certain criteria.[41] The requirements are as follows:

Table 1. Research Sample

No	Sample Criteria	Total
1.	Property companies listed on the Indonesia Stock Exchange in 2021-2022	78
2.	Property companies that present audited financial statements and annual reports for 2021-2022	(13)
3.	Property companies that have complete data related to variable indicators in 2021-2022	(3)
Total		62

Source: Researcher Data (2023)

Table 1 indicates that 62 companies in all may be sampled throughout the course of a year. This study gathered data from 124 companies over the course of two years of observation. Thirteen companies in total did not submit audited financial reports due to a variety of circumstances, such as insolvency, ceasing operations in Indonesia, and not publishing audited financial reports. Three businesses in all lacked comprehensive information about the necessary research, including the number of audit committee meetings.

Audit Report Lag as Dependent Variable (Y)

Audit report lag refers to the situation where a corporation intentionally postpones the submission of its financial reports. Delayed reporting is a detrimental indication for investors as it signifies that the corporation is not adhering to the scheduled reporting timeline. Audit report lag measurement refers to the duration, in days, between the conclusion of the bank's financial year and the issuance of the independent auditor's report.[42]

ARL = The time interval between the end of the fiscal year and the issuance of the independent auditor's report.

[41] Sugiyono, *METODE PENELITIAN KUANTITATIF KUALITATIF Dan R&D (M.Dr. Ir. Sutopo, S.Pd (Ed); Ke2 Ed)*, 2021.

[42] Muhammad Rifqi Abdillah, Agus Widodo Mardijuwono, and Habiburrochman Habiburrochman, "The Effect of Company Characteristics and Auditor Characteristics to Audit Report Lag," *Asian Journal of Accounting Research* 4, no. 1 (August 5, 2019): 129–44, https://doi.org/10.1108/AJAR-05-2019-0042; Nouraldeen, Mandour, and Hegazy, "AUDIT REPORT LAG: DO COMPANY CHARACTERISTICS AND CORPORATE GOVERNANCE FACTORS MATTER? EMPIRICAL EVIDENCE FROM LEBANESE COMMERCIAL BANKS"; Serly Serly, "Tata Kelola Perusahaan dan Audit Report Lag pada Perusahaan Financial yang Terdaftar di Bursa Efek Indonesia," *Owner* 5, no. 2 (August 26, 2021): 631–43, https://doi.org/10.33395/owner.v5i2.498.

Audit Committee Size as an Independent Variable (X1)

According to Financial Services Authority Regulation Number 55 / POJK.04 / 2015, the audit committee is a committee that acts on behalf of the commissioners to fulfill the responsibilities of the board of commissioners. An optimal number of members for an audit committee is a minimum of three individuals, consisting of one committee chairman and additional members. The audit committee is deemed capable of enhancing audit quality and garnering public trust in the financial statements, as it oversees the compilation of these statements. Audit committee measurement is determined by assessing the overall composition of the audit committee within a corporation.[43]

UKA = Number of audit committees in the company.

Audit Committee Independence as an Independent Variable (X2)

The audit committee possesses various attributes that are designed to enhance oversight. Independence is one of these traits. Independence is a mindset in which an individual is not readily swayed, manipulated, or reliant on others. Audit committee independence is assessed by calculating the ratio of the number of independent audit committees to the total number of audit committee members.

$$IKA = \frac{\text{Number of Independent Audit Committee}}{\text{Total Audit Committee}}$$

Audit Committee Expertise as an Independent Variable (X3)

According to Financial Services Authority Regulation Number 55 / POJK.04 / 2015, the audit committee must be established and follow certain guidelines. One of these guidelines is that at least one member of the audit committee must have a fundamental education in accounting or finance and possess expertise in these fields. Assessing the level of expertise of an audit committee by utilizing binary variables. A score of 1 is assigned to the audit committee if it includes at least one member with a background in accounting, auditing, or financial management. If the condition fails to be fulfilled, it is assigned a score of 0.[44]

[43] Kaaroud, Mohd Ariffin, and Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms"; Oussii and Boulila Taktak, "Audit Report Timeliness."

[44] Abdillah, Mardijuwono, and Habiburrochman, "The Effect of Company Characteristics and Auditor Characteristics to Audit Report Lag"; Kaaroud, Mohd Ariffin, and Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms."

Audit Committee Diligence as an Independent Variable (X4)

Audit committee diligence refers to the frequency of meetings conducted by the audit committee on an annual basis. The audit committee demonstrates its oversight of financial statement issuance through regularly scheduled meetings. The level of audit committee diligence is assessed by the total number of meetings conducted by the audit committee within a single fiscal year.[45]

ACD = Number of meetings held by the audit committee in one fiscal year

Company Size as Control Variable (X5)

Company size can be classified as either large or small, depending on various indications, one of which is the value of its assets. Large companies often possess robust management systems and demonstrate a higher tendency to adhere to legislation. Company size can be quantified by taking the natural logarithm of the company's total assets.

SIZE = Natural logarithm of total assets

Profitability as Control Variable (X6)

Profitability ratios are utilized to evaluate the company's efficiency in effectively utilizing its assets to create profits. The profitability ratio employs the return on assets (ROA) metric as it effectively depicts the management's proficiency in utilizing assets to generate profit. The formula for Return on Assets (ROA) is calculated by dividing the net income by the total assets.[46]

$$ROA = \frac{\text{NET INCOME}}{\text{TOTAL ASSETS}} \text{ X } 100$$

KAP Reputation as Control Variable (X7)

Companies that opt for prominent public accounting firms are more likely to receive audit reports of superior quality.[47] A respectable public accounting company can expedite the audit process due to its ample resources and superior usage of information technology. A score of 1 will be assigned if a corporation employs a big four public accounting firm, else a score of 0 will be assigned.

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[45] Kaaroud, Mohd Ariffin, and Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms"; Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[46] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[47] Sari, N. K. M. A., & Sujana, E, "PENGARUH REPUTASI KAP, OPINI AUDIT, PROFITABILITAS, DAN KOMPLEKSITAS OPERASI PERUSAHAAN TERHADAP AUDIT DELAY (Studi Empiris Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Pada Tahun 2015-2017).," *Jurnal Ilmiah Mahasiswa Akuntansi) Universitas Pendidikan Ganesha* 12, no. 1 (2021): 2614–1930.

RESULTS AND DISCUSSIONS

A. Description of Research Variables

Audit Report Lag as Dependent Variable (Y)

Audit report lag refers to the situation in which a corporation exhibits a delay in filing its financial reports. Failure to promptly disclose is a detrimental indication for investors as it signifies that the corporation is not adhering to reporting deadlines. Audit report lag measurement refers to the duration, in days, between the conclusion of the bank's fiscal year and the issuance of the independent auditor's report.[48]

During the study period, the average Audit Report Lag showed a tendency to decrease, with an average value of 113 days in 2021. The average duration in 2022 reduced by 19 days, resulting in a total of 94 days from the period of completing the financial report book.

Audit Committee Size as an Independent Variable (X1)

According to Financial Services Authority Regulation Number 55 / POJK.04 / 2015, the audit committee is a committee that acts on behalf of the commissioners to fulfil the responsibilities of the board of commissioners. An optimal number of members for an audit committee is a minimum of three individuals, consisting of one committee chairperson and other members.[49] The mean audit committee size during the study period was 3.

Audit Committee Independence as an Independent Variable (X2)

The audit committee possesses various attributes that are designed to enhance oversight. One of the traits is autonomy. Independence is a mindset in which an individual is resistant to being influenced, controlled, or reliant on others. The independence of the audit committee is assessed by calculating the ratio of the number of independent audit committees to the total number of committee members. The research findings indicate that the Independence of the Audit Committee of Property businesses in 2021-2022 has been calculated based on the results of the study conducted by Lajmi & Yab and Megarani et al.[50] The mean audit committee independence for 2021 is 0.458, while for 2022 it is 0.433.

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[48] Abdillah, Mardijuwono, and Habiburrochman, "The Effect of Company Characteristics and Auditor Characteristics to Audit Report Lag"; Nouraldeen, Mandour, and Hegazy, "AUDIT REPORT LAG: DO COMPANY CHARACTERISTICS AND CORPORATE GOVERNANCE FACTORS MATTER? EMPIRICAL EVIDENCE FROM LEBANESE COMMERCIAL BANKS"; Serly, "Tata Kelola Perusahaan dan Audit Report Lag pada Perusahaan Financial yang Terdaftar di Bursa Efek Indonesia."

[49] Kaaroud, Mohd Ariffin, and Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms"; Oussii and Boulila Taktak, "Audit Report Timeliness."

[50] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies"; Afifah Megarani, Ambar Woro Hastuti, and Adi Suprayitno, "Pengaruh Komite Audit, Independensi Komite Audit, Audit Tenure dan Profitabilitas terhadap Audit Report Lag," *Jurnal Akuntansi* 8 (2022).

Audit Committee Expertise as an Independent Variable (X3)

According to Financial Services Authority Regulation Number 55 / POJK.04 / 2015, the audit committee must be established and follow specific guidelines. One of the requirements is that at least one member of the audit committee must have a fundamental education in accounting or finance and possess expertise in these fields. Utilisation of binary variables to assess the level of knowledge within an audit committee. In 2021, the mean value of audit committee expertise is 0.747, while in 2022 it increases to 0.772.

Audit Committee Diligence as an Independent Variable (X4)

Audit committee diligence refers to the frequency of meetings conducted by the audit committee on an annual basis. The audit committee's responsibility in overseeing the issuance of financial statements is demonstrated through regularly scheduled meetings. The level of thoroughness exhibited by the audit committee is assessed by the total number of meetings conducted by the committee during a given fiscal year.[51] The mean level of audit committee diligence in 2021 and 2022 is 5.

Company Size as Control Variable (X5)

Company size can be classified as either large or small, with assets being one of the key indications used for this categorization. Large companies often possess robust management systems and demonstrate a propensity for regulatory compliance. Company size can be quantified by using the natural logarithm of the company's total assets.[52] The mean firm size in 2021 is 28.39, whereas in 2022 it is somewhat higher at 28.41.

Profitability as Control Variable (X6)

Profitability ratios are utilised to evaluate the company's efficiency in effectively utilising its assets to produce profits. The profitability ratio use the return on assets (ROA) metric as it accurately depicts the efficiency of management in using assets to generate profit. The formula for Return on Assets (ROA) is calculated by dividing the net revenue by the total assets.[53] The mean profitability for 2021 is 0.02, but for 2022 it has declined to 0.01.

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[51] Kaaroud, Mohd Ariffin, and Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms"; Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

[52] Kaaroud, Mohd Ariffin, and Ahmad, "The Extent of Audit Report Lag and Governance Mechanisms"; Sudjono, A. C., & Setiawan, A, "Pengaruh Ukuran Perusahaan, Umur Perusahaan, Likuiditas, dan Leverage terhadap Audit Report Lag (Studi pada Perusahaan Consumer Goods Terdaftar di BEI Tahun 2019-2020).," *Owner* 6, no. 3 (July 1, 2022): 2304–14, https://doi.org/10.33395/owner.v6i3.911.

[53] Lajmi and Yab, "The Impact of Internal Corporate Governance Mechanisms on Audit Report Lag: Evidence from Tunisian Listed Companies."

Public Accounting Firm Reputation as a Control Variable (X7)

Companies that opt for prominent public accounting firms are more likely to receive audit reports of superior quality (Sari & Sujana, 2021). A respectable public accounting company can expedite the audit process due to its ample resources and superior capabilities in implementing information technology. The mean reputation score of public accounting firms in 2021 and 2022 is 0.11.

B. Data Analysis

Convergent Validity

Convergent validity pertains to the idea that the measures (observable variables) of a concept should have a strong correlation. Convergent validity is evaluated by examining the loading factor value and the Average Variance Extracted (AVE) value. The result of the loading factor value and Average Variance Extracted (AVE) from data processing is as follows:

Tabel 2. Convergent Validity

	Loading Factor	*Average Variance Extracted (AVE)*
ARL	1.000	1.000
Audit Diligence_	1.000	1.000
BIG	1.000	1.000
Expertise	1.000	1.000
Audit Committee Independence	1.000	1.000
ROA	1.000	1.000
Audit Committee Size_	1.000	1.000
Company Size	1.000	1.000

Source: Data Processed (2024)

According to Table 2, each variable has a loading factor value greater than 0.70 (>0.70) and an Average Variance Extracted (AVE) value greater than 0.50 (>0.50). Therefore, it can be inferred that all variables satisfy the criterion of convergent validity.

Discriminant Validity

Discriminant validity pertains to the concept that measures (observable variables) of distinct constructs should not exhibit strong correlations. Discriminant validity is evaluated by examining the cross loading value.

Table 3. Discriminant Validity

	Cross Loading	Akar Kuadrat AVE
ARL	1.000	1.000
Audit Diligence_	1.000	1.000
BIG	1.000	1.000
Expertise	1.000	1.000
Audit Committee Independence	1.000	1.000
ROA	1.000	1.000
Audit Committee Size_	1.000	1.000
Company Size	1.000	1.000

Source: Data Processed (2024)

According to the data in Table 3, each variable exhibits a cross loading value over 0.70 and possesses an AVE square root value that surpasses the correlation between variables. Therefore, it can be inferred that all variables satisfy the criterion of discriminant validity.

Reability Test

The reliability test is conducted to demonstrate the precision, consistency, and accuracy of the instrument in measuring the construct. Reliability assessment of a construct using reflexive indicators can be accomplished through two methods: Cronbach Alpha and Composite Reliability.

Table 4. Reability Test

	Cronbach Alpha	*Composite Reliability*
ARL	1.000	1.000
Audit Diligence_	1.000	1.000
BIG	1.000	1.000
Expertise	1.000	1.000
Audit Committee Independence	1.000	1.000
ROA	1.000	1.000
Audit Committee Size_	1.000	1.000
Company Size	1.000	1.000

Source: Data Processed (2024)

According to Table 4, each variable exhibits a Cronbach alpha value and a composite reliability value over 0.70. Therefore, it can be inferred that all variables satisfy the reliability test's rule of thumb.

Coefficient of Determinant (R^2)

The coefficient of determination (R2) quantifies the extent to which the independent factors collectively influence the dependent variable. A higher coefficient of determination indicates a strong model.

Table 5. Coefficient of Determinant (R^2)

Variabel	Adjusted R^2
ARL	0.071

Source: Data Processed (2024)

According to Table 5, the coefficient of determination (R2) has a value of 0.071. The audit report lag can be attributed to 7.1% by factors such as the size, independence, experience, and diligence of the audit committee, as well as the company's size, profitability, and KAP reputation. The remaining 92.9% can be accounted for by additional variables that were not analysed in this study. The Adjusted R-square score of 0.071 suggests that the model falls into the "poor" category.

Significance (Path Coefficient)

The significant value is employed to ascertain the impact between variables. The chosen significance level is 5%, and the critical value utilised is a two-tailed t-value of 1.96.

Table 6. Path Coefficient

	Original Sample	T Statistics	*p values*
Audit Diligence_	-0.244	3.375	0.001
BIG	-0.037	0.399	0.690
Expertise	0.057	0.704	0.482
Audit Committee Independence	0.023	0.306	0.760
ROA	-0.086	1.203	0.230
Audit Committee Size_	-0.083	1.548	0.122
Company Size_	0.157	1.992	0.047

Source: Data Processed (2024)

The results derived from Table 6 Path Coefficient are as follows:

1. Audit Diligence has a significant negative effect on Audit Report Lag with a p-value of 0.001 and an original sample of -0.244 at a significant level of 5% (T Statistics> 1.96 and p values <0.05).

2. KAP reputation has a negative and insignificant effect on Audit Report Lag with a p-value of 0.690 and an original sample of -0.037 at a significance level of 5% (T Statistics> 1.96 and p values <0.05).
3. Audit Committee Expertise has a positive and insignificant effect on Audit Report Lag with a p-value of 0.482 and an original sample of 0.057 at a significance level of 5% (T Statistics> 1.96 and p values <0.05).
4. Audit Committee Independence has a positive and insignificant effect on Audit Report Lag with a p-value of 0.760 and an original sample of 0.023 at a significance level of 5% (T Statistics> 1.96 and p values <0.05).
5. Profitability has a negative and insignificant effect on Audit Report Lag with a p-value of 0.122 and an original sample of -0.086 at a significance level of 5% (T Statistics> 1.96 and p values <0.05).
6. Audit Committee Size has a negative and insignificant effect on Audit Report Lag with a p-value of 0.122 and an original sample of -0.083 at a significance level of 5% (T Statistics> 1.96 and p values <0.05).
7. Company Size has a significant positive effect on Audit Report Lag with a p-value of 0.047 and an original sample of 0.157 at a significance level of 5% (T Statistics> 1.96 and p values <0.05).

C. Research Results and Hypothesis Testing

The Effect of Audit Committee Size on Audit Report Lag

With a parameter coefficient of -0.244 and a p-value of 0.122 at a significant level of 5% (T Statistics> 1.96 and p values <0.05), Table 6 Path Coefficient demonstrates that Audit Committee Size has a negative and insignificant effect on Audit Report Lag. This means that the smaller the audit committee, the longer it takes to report financial statements, and vice versa. Table 1 provides a description of the study variables that supports the analysis outcomes. Property businesses typically have three audit committees inside their organisation.

The company's audit committee's size clearly satisfies the minimal requirements set forth by current laws. This indicates that the audit report latency is unaffected by the audit committee's decreased size. The study's first hypothesis (H1), according to which the audit committee's size negatively affects the audit report's lag value, is rejected in light of the findings.

The Effect of Audit Committee Independence on Audit Report Lag

With a parameter coefficient of 0.023 and a p-value of 0.760 at a significant level of 5% (T Statistics> 1.96 and p values <0.05), Table 6 Path Coefficient demonstrates that the independence of the audit committee has a positive and insignificant effect on audit report lag. This means that the more independent the audit committee is, the longer it takes to report financial reports, and vice versa. The explanation of the research variables in Table 6 provides evidence for the analysis outcomes. Property businesses have an independent audit committee with at least one member. Nonetheless, a number of businesses have multiple.

Although the number varies, the company's audit committee's independence clearly satisfies the minimal requirements of the applicable rules. The study's findings show that audit report lag is unaffected by the number of independent audit committees. The findings of this investigation support the rejection of the second hypothesis (H2), which contends that the independence of the audit committee lowers the value of the audit report lag.

The Effect of Audit Committee Expertise on Audit Report Lag

With a parameter coefficient of 0.057 and a p-value of 0.482 at a significant level of 5% (T Statistics> 1.96 and p values <0.05), Table 6 Path Coefficient demonstrates that Audit Committee Expertise has a positive and insignificant effect on Audit Report Lag. This indicates that the more expertise the audit committee has, the longer it takes to report financial reports, and vice versa. The explanation of the research variables in Table 6 provides evidence for the analysis outcomes. Property businesses have an independent audit committee with at least one member. Nonetheless, a number of businesses have multiple.

Although the number varies, the company's audit committee's independence clearly satisfies the minimal requirements of the applicable rules. The study's findings show that audit report lag is unaffected by the number of independent audit committees. The findings of this investigation support the rejection of the third hypothesis (H3), which contends that the audit committee's independence lowers the value of the audit report lag.

The Effect of Audit Committee Diligence on Audit Report Lag

With a parameter coefficient of -0.247 and a p-value of 0.001 at a significant level of 5% (T Statistics> 1.96 and p values <0.05), Table 6 Path Coefficient demonstrates that Audit Committee Diligence has a significant negative effect on Audit Report Lag. This indicates that the less Audit Committee Diligence, the longer it takes to report financial reports, and vice versa. The study variables' descriptions in Table 6, which measures audit committee diligence or, more accurately, the number of audit committee meetings in real estate companies with at least one meeting support the analysis results.

The company's Audit Committee Diligence clearly satisfies the minimal requirements of the current rules, albeit the frequency varies, with a maximum of one meeting every period. The study's findings suggest that the influence of Audit Committee Diligence on the lag in audit reports increases with decreasing levels of diligence. The findings of this investigation support the acceptance of the fourth hypothesis (H4), which claims that Audit Committee Diligence reduces the usefulness of audit report delayed.

CONCLUSION

The findings of the research "Determinants of Audit Report Lag in Indonesia (Study on Property Companies Listed on the IDX in 2021–2022)" lead to the following conclusions: audit committee independence has a positive and insignificant relationship to audit report lag, meaning that audit committee independence has no effect on audit report lag; audit committee size has a negative and insignificant relationship to audit report lag.

RESEARCH IMPLICATION

The findings of this research offer factual proof that Audit Committee Diligence influences the lag in audit reports. On the other hand, audit report lag is unaffected by the factors of audit committee experience, independence, and size. These findings offer empirical proof that the agency theory underpins the proposed research design. This demonstrates that, despite following relevant requirements, governance has not operated at its best. The research variables, which mostly comply with the relevant requirements but haven't been able to shorten the audit report lag, demonstrate the absence of ideal governance.

Audit committee diligence significantly impacts audit report latency, suggesting the need for effective committee management. Successful meetings can reduce the time it takes to submit financial information, demonstrating compliance with investors. The size, independence, and experience of the audit committee do not affect the lag, suggesting the property industry may not fully utilize its role. Future optimization of the committee's role could help minimize audit report latency.

LIMITATIONS

Due to the fact that the study only used audit committee characteristics as independent factors and company size, profitability, and public accounting firms' reputation as control variables, it had limitations. There is no investigation of the presence of variables that could bolster or undermine the association between audit committee attributes and audit report latency in this study.

The study's model falls into the "weak" category, with a coefficient of determination of 0.071, or 7.1%. This allows for the addition of additional variables to strengthen the elements influencing audit report delayed. The property industry's 2-year timeframe is inadequate to accurately depict the true state of financial reporting delays.

SUGGESTION

For further researchers to revisit the factors of audit committee expertise in different industries, audit committee independence, and audit committee size. This is due to the fact that these variables had no discernible impact on the study.

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