



Analysis Audit Report Lag in Industry

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Abstract: Lateness delivery audit report can cause lateness delivery report finance. The purpose of the study is to test How internal company factors, such as profitability, size of the company, leverage, audit opinion, and position dual director, influence the lateness delivery of audit reports. A few characteristics, including profitability, size of the company, leverage, position of concurrent directors, and audit opinion have been linked with the lateness of delivery of the internal audit report study previously. Companies in each industry are listed on the Stock Exchange. For the period 2020–2021. There is a population study. Quantitative data in form number used in study This. Report finance 2020–2021 annual release and listed on the Indonesia Stock Exchange (BEI) via the website www.idx.co.id becomes data source. Based on results testing, the most influential variables to audit report lag in the industry sector are variable profitability, Company size, and audit opinion, this because exists different characteristics between sectors.

Introduction

Report finance is an instrument for the Company to communicate information the company uses as base consideration in making decisions (Mahendra & Putra, 2014). Reporting financial statements published by the company must be reported based on principles of accounting and be

audited. This matter listed in Regulation (Kep-00015/BEI/01-2021 (2021) that is the company must convey information report finances that have been audited by an accountant publicly registered with the Financial Services Authority. Out of obligation, the finance report company must be audited by KAP, so the late delivery of the finance report can be caused by the existing *audit report lag*.

Audit report lag is measured audit estimates from amount days between the date closing of the bookend year fiscal with date audit report (Blanco et al., 2021). *Audit report lag* be measured from the amount days from time closing bookkeeping (as of December 31) until data presented in independent auditor's report (Diastiningsih & Tenaya, 2017). Independent auditor's report containing auditor's opinion regarding credibility report finance. More investors voted to have the audit report released in time short after the year fiscal (Bhuiyan & D'Costa, 2020). The longer it takes the auditor to complete the audit report, the *audit report* is longer and will indicate lateness in reporting published financials, as a result, can impact market reactions because of the lateness of information.

An *audit report lag* happens Because influenced by several factors, good from the auditor's side Alone, or from the internal company (Khairunnisa & Praptiningsih, 2022). Influencing factors *audit report lag* according to Jayati et al (2020) ; (Yanti et al., 2022) ; (Atmojo & Darsono, 2017) ; (Alkhatib & Marji, 2012); Siregar & Utama (2022); Hakim & Sagiyaniti (2018) including profitability, size company, *leverage*, audit opinion, duplicate board of commissioners and sector positions industry, however thereby results research previous show exists inconsistency to influencing factors *audit report lag*. Study This aims to analyze the influence of internal characteristics of the company: profitability, size company, *leverage*, audit opinion, and duplication position on the board of directors, against *audit report lag*. Research studies previously show Lots of influencing factors to *audit report lag* like profitability, size of the company, *leverage*, audit opinion, and duplication position on the board of directors.

This think about may be an improvement of the investigate of Yanti

et al (2022); Febriyanti (2022); Jayati et al (2020); Oktari & Cahya (2020); Himawan & Venda (2020); and Siregar & Utama (2022) which centers on the variables that impact review report slack, to be specific productivity, company estimate, use, review conclusion, double positions of the board of commissioners, and mechanical segment. This ponder contrasts from Yanti et al (2022); Febriyanti (2022); Jayati et al (2020); Oktari & Cahya (2020); Himawan & Venda (2020); and Siregar & Utama (2022) in terms of: (1) Jayati et al's (2020) investigate measures review report slack components, specifically productivity some time recently the widespread, whereas this consider measures benefit amid the Covid-19 widespread; (2) Siregar & Utama's (2022) investigate centers on measuring double directorships utilizing sham factors, whereas this think about employments the number of double directorships; (3) Past inquire about did not comprehensively analyze the impact of inside company characteristic components on each mechanical segment, whereas this think about conducts a comprehensive investigation of these variables over mechanical segments.

Library Review

1. *Signaling Theory*

This theory also explains behavior of managers as guidelines for investors in the form of prospective companies in the Century front. Quality information can influence related investor decisions regarding prospective companies on the Century front. Investors assume lateness in reporting financial and audit processes as a sign bad for a condition finance company, that is There are some things that take auditors a long time in the audit process. Information about accuracy time reporting finance expected become signal related condition and quality something company certain (Qotimah et al., 2).

Connection signaling theory with *audit report lag* is accuracy and precision in publication report finance to the public, this is a signal for investors that exists useful information in making decisions by investors (Jayati et al., 2020).

2. *Compliance Theory*

Compliance theory is based on perspective, then *compliance theory* is applied in field accounting, in a matter of the existence of Law No. 8 of 1995, that every company public must obey provision in the Constitution that, in delivery report finance in a way regularly and precisely the time to OJK (March 2015). Demands rule obedience This has been arranged in Regulation Financial Services Authority Republic of Indonesia Number 29/POJK.04/2016 concerning Report Annual Issuer or Public Company (2016) Chapter III Article 27. The purpose of *compliance with theory* This is for the information to be reported can be beneficial for investors and can add trust public to company the. Based on OJK regulations, companies that have been listed on the Indonesian Stock Exchange (BEI) are mandatory to convey report finance in a way appropriate to the time. *Compliance theory* used in study This For see how auditors and companies obey rules that apply and maintain relationships with holder stock, with report reporting his finances in a way appropriate time in accordance with OJK provisions. Auditor compliance with applicable audit standards can make a reflection on the auditor's professionalism. If the *audit report lags* longer, cause possibility the auditor's reputation will be down because user report finance would doubt related quality information.

3. Hypothesis Development

Research by Irman et al (2020) proves that profitability can shorten audit report lag, increasing high profitability then the audit report lag will lower. In line with study Alverina & Hadiprajitno (2022), Febrianti & Sudarno (2020), Pratiwi & Christian (2021), Oktari & Cahya (2020), Shofiyah & Suryani, (2020), however research by Yanti et al (2022) and Abbas et al (2015) states that profitability No influential towards audit report lag, so hypothesis First in study This is:

H₁: Profitability influential negative towards audit report lag in the industry sector

Company with scale big its internal control large, so the auditor

audits report finance more quickly (Septiansyah & Prihandini, 2022). The possibility report finance-level errors or misstatement is low when company internal control works with Good. Strong internal controls make auditors spend more A little for doing testing substantive or in-depth (Desiana & Dermawan, 2020).

Fujianti & Satria (2020) and Candra & Trisnawati (2021) researched the related influence size company on the audit report lag and that the size company negatively influenced negative towards audit report lag. In line with study Megayanti & Budiarta (2016), Sunarsih et al (2021), Frimmantuti & Julianto, (2022). Compared backward with the results research by Jayati et al (2020) show that the size company has No influence on audit report lag. So, the obtained hypothesis is as follows:

H2: Size company influential negative to *audit report lag* in the sector industry

The company's *leverage* level will give signal to investors and parties that interest others. The higher leverage level then will give a signal negative to stakeholders. According to Jayati et al (2020) company with high debt is considered to have high *leverage*, so needs a long time to emit a report on audit finance, this is because the auditor needs more confirmation many and high audit risk. Auditors must carry out complex audit processes against debt and look for complex audit evidence to party Company creditors.

H3: *Leverage* matters positive to *audit report lag* in the sector industry

When the company accepts a fair audit opinion without exception *audit report lag* will be short, on the other hand, the company that got its opinion besides reasonable without exception will need a long time to publish the report finances because the auditor needs time To negotiate with clients and consult with more senior auditors, with a more senior audit partner or staff technical others and expansion room audit scope (Sunarsih et al., 2021). In addition, independent auditors Alone must have a careful attitude to get it accountable opinion that has been given to user

report finance. Caution This can extend forever pause audit report, so the hypothesis in research is that:

H4: Audit Opinion has a negative effect on an *audit report lag* in the sector industry

According to the National Association of Corporate Directors (1996) in Siregar & Utama (2022) directors who have Lots of positions, cannot manage adequate supervision and it is recommended that it be limited to a double position at the company other, meanwhile according to Ting -Kai & Hsuan-Ling (2018) commissioners and directors own position director double can give valuable experience and expertise for the company so that performance company increase. According to Jullani et al (2020), double position results happen from cheating, practice monopoly, or competition No healthy, so the auditor will be careful heart in doing inspection and audit report lag the longer. In line with research by Habib et al (2018) and (Siregar & Utama, 2022), so hypothesis for the five studies is:

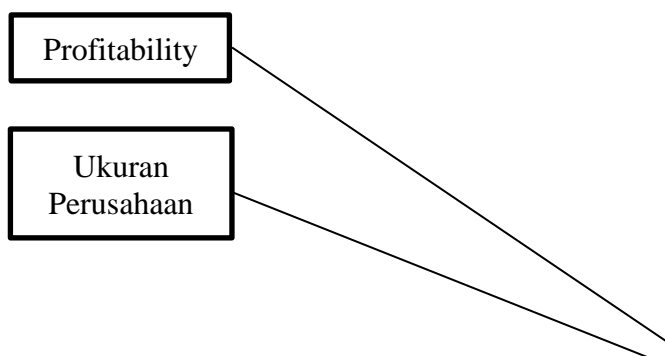
H5: Amount double position directors influential positive to *audit report lag* in the sector industry.

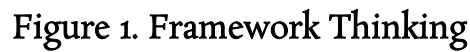
Research Methods

Population in study This is companies per sector listed on the Stock Exchange 2020-2021 period. Study This uses a type of quantitative data from numbers. Data used based on report finance 2020-2021 annual which has been published and listed on the Indonesian Stock Exchange (BEI) via the website www.idx.co.id.

1. Framework thinking

Framework thinking study This based hypothesis is as follows:





Based on results testing in the industrial and primary consumer sectors, which is tested at a significant level of 10%. The results study is outlined in the table below:

Table 4. 1. Industrial Sector Testing

[illegible]

The industrial sector is selling company products and services in a way generally consumed by industry Not in a way directly by consumers. Based on the table above, at a level of 10% significance only variable influential profitability towards audit reports in the sector industry that is with a mark significance of 0.079. Coefficient regression negative worth -83,957 meaning variable profitability influential negatively towards audit report lag. The average length of the audit report lag time for the industrial sector is 104 days. The audit report lag period is 33 days at the earliest and 181 days at the longest. Data shows that the average audit report lag in the industrial sector is 104 days, with the fastest audit period being 33 days and the longest being 181 days. This variation can be influenced by several factors, such as: (1) Large companies or those with complex business structures tend to take longer to complete audits; (2) Companies experiencing losses may require additional time due to going concern risks that need to be considered by auditors; (3) Public accounting firms (KAP) that implement stricter audit procedures will take longer to complete audits compared to less careful auditors.

The lower the profitability, the longer it takes to complete the audit. This can happen because the auditor needs more time to evaluate the company's unhealthy financial condition. Low profitability can indicate a going concern risk, which triggers the auditor to conduct a more in-depth audit before giving their opinion. Profitability is an important factor because it reflects the company's ability to generate profits. In this context, low profitability or even losses can be a signal for the auditor to be careful in ensuring that there is no fraud or significant errors in the financial statements. In 2020, many industrial sectors experienced this loss. This matters because an exists a COVID-19 outbreak. One of the companies affected is PT Intraco Penta Tbk because of the decline in significant income consequences impact the COVID-19 pandemic. Profit and loss company is reporting finance is the first to read, because objective main company is getting profit. There are losses and capital deficiencies, causing significant uncertainty on the ability of the company to maintain the continuity of its business, so the auditor will be careful in carrying out the audit process when they believe that loss the caused by the failure of the finance company or cheating. The existence of losses and capital deficiencies causes significant uncertainty about the company's ability to maintain its business continuity, so auditors will

be careful in conducting the audit process when they believe that the losses are caused by the company's financial failure or fraud.

Table 4.2. Primary Consumer Sector

Model	Unstandardized Coefficients		Standardized Coefficients		Sig	Decision
	B	Std. Error	Beta	T		
Constant	278,770	55,902		4,987	0,000	
Profitability	-16,242	36,724	-0.068	-0.442	0.660	Not supported
Company Size	-3,843	1,791	-0.232	-2,146	0.036	Supported
Leverage	0.392	0.333	0.167	-1.175	0.244	Not supported
Audit Opinion	-14,270	5,753	-0.291	-2,481	0.016	Supported
Double Position Directors	-0.422	0.266	-0.171	-1,582	0.118	Not supported
Significance level 10%						

The primary consumer sector is producing company goods and services needed by consumers and their nature basic. Based on Table 4.2, on the level significance 5 %, the influential variables towards audit report lag are the size company and audit opinion. Variable size companies own mark significance 0.036 with mark coefficient regression negative worth -3,843. That is, variable size company influential negative to *audit report lag* during covid-19 pandemic on the sector primary consumers. Big companies tend more fast convey report finance compared to company small businesses, such as PT Hero Supermarket Tbk, PT Astra Agro Lestari Tbk, and PT PP London Sumatra Indonesia which have a size big company reach trillion. This matter-related system controls companies that make it easier for internal auditors to audit, so the audit report lags short.

Variable audit opinion with mark significance of 0.016 <0.05 and value coefficient regression negative namely -14,270 which means that audit opinion on the sector primary consumers is influential negative towards audit report lag. Proven that sector This own audit opinion other than WTP is only 9.72% of all over company sector primary consumers studied, apart from That sector audit report lag range This between 50-158 days with an average of 99 days, meaning

the company average No late in publishing report finance although in Century pandemic, because although in Century pandemic, product sector This is as need mandatory which is not Can removed from use daily. Reasonable audit opinion without exception makes management companies quickly convey news Good this, so company No will late in delivery report finance company, meanwhile variable profitability, leverage, and duplication position on the board of directors No influence against audit report lag during COVID-19 pandemic.

Company size and audit opinion have a negative effect on audit report lag due to factors such as the efficiency of internal control systems, availability of resources, auditor experience, and the risk associated with the audit opinion. Large companies tend to have shorter audit report lags due to better systems, while unqualified opinions speed up audits due to a simpler audit process. However, if a large company faces financial problems or obtains a modified audit opinion, the audit duration can be longer due to the additional complexities that the auditor must deal with. Therefore, both companies and auditors need to work together to improve the efficiency and quality of the audit process.

Conclusion and Recommendation

Based on the results of the study, it shows that profitability, company size, and audit opinion have a negative effect on audit report lag. This study confirms the existence of signaling theory, agency theory, and compliance theory, this is proven by the results of the study that profitability, company size, and audit opinion have a negative effect on audit report lag in accordance with the theory. The limitations in this study are related to the audit opinion variable which is measured only based on the results of the justification based on the audit opinion in the company's financial statements. so, it is expected for further research to be able to take variables that are truly accurate to see the audit report lag.

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