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Causes of Audit Report Lag with Reputation of Audit Firm as a Moderating Variable

Afifah Nur Widiastuti[a], Ifah Rofiqoh[a*]
[a]*Universitas Teknologi Yogyakarta, Indonesia*
ifah.rofiqah@uty.ac.id

Abstract

Audit report lag is an important problem because it can cause delays in submitting financial reports by companies to the OJK. This study examines the effect of audit opinion, profitability, and company size on audit report lag with Reputation of audit firm as a moderating variable in non-primary consumer goods companies listed on the IDX. The sample used in this study were 79 non-primary consumer goods companies listed on the IDX 2018-2022. The data analysis method used in this research is panel data regression analysis and moderation regression analysis. The results of this study indicate that audit opinion and profitability have a negative effect on audit report lag, while company size has no significant effect on audit report lag. Reputation of audit firm is able to strengthen the effect of profitability on audit report lag and weaken the effect of company size on audit report lag and but is unable to moderate the effect of audit opinion on audit report lag. These findings suggest that companies with higher profitability and reputable audit firms are more likely to reduce audit report lag, which highlights the importance of selecting a capable audit firm. Furthermore, the absence of a significant influence of company size underscores that larger companies may not always experience shorter audit processes, challenging conventional assumptions about resource availability.

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1. Introduction

The Timeliness of financial report submission is regulated through Number 29/POJK.04/2016. In this regulation, the audited annual report must be submitted to the Financial Services Authority no later than the end of the fourth month (120 days) after the financial year ends. Timely submission of financial reports in accordance with applicable regulations is faced with obstacles, namely that financial reports must be audited by a public accountant before being submitted to the Ototitas Jasa Keuangan, so that the timeliness of submitting financial reports depends on the period of completion of the audit process (Daulay & Serly, 2020). Financial reports will be submitted late if the completion of the audit process by a public accountant is delayed. The delay in completing the audit process is referred to as audit report lag.

Audit report lag is an important problem because it can cause delays in submitting audit reports. Dyer & Mc Hugh (1975) research identified three delays related to the timeliness of submitting audit financial reports, one of the delays mentioned was the audit report lag, namely the delay in completing the audit process by public accountants. Previous research states that audit report lag can be influenced by several things such as audit opinion, profitability, and company size. Some previous studies also mention that reputation of audit firm can act as a moderating variable by strengthening the negative effect of audit opinion, profitability, and company size on audit report lag.

Audit opinion is one of the factors that influence audit report lag. Companies that get an audit opinion other than an unqualified opinion will experience delays in submitting financial reports because there are many findings that need to be discussed or resolved so that the time required to complete the audit process will be longer (Sihombing, 2021). Research by Asmedi & Kurniati (2022); Uly & Julianto (2022); and Anggrayani & Kuntadi (2024) shows that audit opinion has a negative effect on audit report lag. However, research by Prasetyo & Rohman (2022) and Fitriyani & Putri (2022) shows that audit opinion has no effect on audit report lag.

The next factor is profitability. Companies that have high profitability tend to be faster in submitting their financial reports because high profitability is a positive signal or good news for companies and shareholders (Edgar & Nurbaiti, 2020). So that the company will try to accelerate the completion of the audit process so that it can convey this good news to shareholders through the submission of audited financial reports. Research by Tampubolon & Siagian (2020); Bela et al. (2021); Febriani & Gunawan (2023); Caroline et al. (2023) shows that profitability affects audit report lag. While research by Evienne & Apriwenni (2019); Salsabila & Triyanto (2020); Ni'mah & Triani (2021); and Sihombing (2021) shows that profitability has no significant effect on audit report lag.

Company size also has an influence on the length of time to complete the audit process. Large companies will be faster in submitting financial reports because large-scale companies receive close supervision from the public, regulators, and the government. Large companies tend to be careful in terms of compliance to submit or publish audited financial reports on time . Research by Wulandari & Dhia (2021) and Sijabat & Atmini (2022) shows that company size has a negative effect on audit report lag. However, research by Siswanto & Suhartono (2022) and Fu’adiyah et al. (2022) shows that company size has no effect on audit report lag.

Reputation of audit firm is able to moderate the effect of audit opinion, profitability, and company size on audit report lag. Audit firms that have a good reputation are considered more competent in completing their work in a timely manner due to more competent and experienced human resources, as well as more adequate technology Sihombing (2021). Research conducted by Wulandari & Dhia (2021) shows the result that reputation of audit firm can strengthen the effect of audit opinion on audit report lag. The effect of reputation of audit firm in strengthening the effect of profitability on audit report lag is shown in research conducted by Evienne & Apriwenni (2019). While the effect of reputation of audit firm in strengthening the effect of company size on audit report lag is shown in research conducted by Rosalia et al. (2019).

This study aims to examine the effect of audit opinion, profitability, and company size on audit report lag with reputation of audit firm as a moderating variable. This research was conducted at Non-Primary Consumer Goods Companies listed on the Indonesia Stock Exchange in 2018-2022. The location selection was based on the type of company sector that experienced the most delays in submitting annual financial reports in 2021-2023. Based on the annual announcement of the Indonesia Stock Exchange submitted through its official website, in 2021 there were 20 companies in the non-primary consumer goods sector out of 89 companies that were late in submitting their financial reports, in 2022 there were 22 out of 92 companies, while in 2023 there were 12 out of 62 companies. The novelty of this research is examining the non-primary goods consumption sector which was identified as experiencing the highest number of delays in submitting financial reports. Additionally, the inclusion of a firm's audit reputation as a moderating variable introduces a new angle to the existing literature, exploring how a firm's audit credibility may influence the relationship between firm characteristics and the timing of audit reports. This study offers a detailed and timely investigation, helping stakeholders understand the role of company-specific factors and audit quality in ensuring regulatory compliance.

2. Literature Review

Agency Theory

Jensen & Meckling (1976) explain agency theory as an agency relationship based on a contract between one or more people (principal) hiring another person (agent) to perform various services and authorizing a decision maker. Agency problems caused by differences in interests between agents and principals can occur due to information asymmetry, namely agents and principals have different amounts of information (Ghozali, 2020). Problems between agents and principals that arise due to information asymmetry can be reduced by submitting or publishing accurate and timely audited financial reports by the agent.

Signalling Theory

Signal theory explains how actions taken by signal givers can influence the behavior of signal recipients (Ghozali, 2020). The timeliness and timeliness of submitting audited financial reports will be considered as a signal from the company that shareholders use to assess the condition of a company. Submission of audited financial reports is carried out on time, it will be captured as a positive signal by shareholders because it indicates that the company is in good condition. Meanwhile, the late submission of financial reports will be captured as a negative signal for shareholders because it indicates the company's poor condition (Sihombing, 2021).

Compliance Theory

Compliance theory encourages companies to pay attention to audit report lag because it can cause delays in submitting financial reports. Submitting audited financial reports in a timely manner by public companies in Indonesia is a demand because this is regulated through Number 29 / POJK.04 / 2016 concerning the submission of periodic financial reports of issuers or public companies. The regulation requires public companies to submit audited annual financial reports to the Financial Services Authority (OJK) no later than 120 days after the closing date of the book.

Audit Opinion and Audit Report Lag

Audit Opinion is an opinion given by a public accountant regarding the fairness of the representation of the company's financial statements. Financial reports that get an unqualified opinion do not require much correction and the company does not need to discuss much with the auditor regarding this opinion so that the audit process tends to be fast and does not experience delays in completion (Zahirah & Meini, 2022). While a report that gets other than an unqualified opinion will require a lot of corrections and discussions, which lengthens the audit process and causes delays in completing the audit. The negative effect of audit opinion on audit report lag is supported by the results of research Sihombing (2021); Sari (2020); and Uly & Julianto (2022). However, research by Arifuddin et al. (2017) shows that audit opinion has a positive effect on audit report lag. While research by Sunarsih et al. (2021) and Handoko et al. (2019) shows that audit opinion has no effect on audit report lag. Therefore, can be formulated through the following hypothesis:

H_1: Audit opinion has a negative effect on audit report lag.

Profitability and Audit Report Lag

Profitability is the company's ability to utilize its resources or assets to generate profits. High profitability is a positive signal or good news for companies and shareholders (Edgar & Nurbaiti, 2020). So that companies will try to accelerate the completion of the audit process so that they can immediately convey this good news to shareholders through the submission or publication of audited financial statements. The negative effect of profitability on audit report lag is supported by research Shofiyah & Suryani (2020); Caroline et al. (2023) ; and Ramadhani et al. (2023). However, research by Arifuddin et al. (2017) shows that profitability has a positive effect on audit report lag. Meanwhile, research by Sari (2020) and Handoko et al. (2019) shows that profitability has no effect on audit report lag. Therefore, can be formulated through the following hypothesis:

H_2: Profitability has a negative effect on audit report lag

Company Size and Audit Report Lag

Company Size is the size of the company is based on total assets, total sales, total workforce. Large companies receive strict monitoring from the public, regulators and the government. So that large companies must maintain their compliance with the law and maintain their reputation to submit or publish audited financial reports in a timely manner (Siswanto & Suhartono, 2022). The negative effect of company size on audit report lag is supported by research Rusmin & Evans (2017); Shofiyah & Suryani (2020); and Sijabat & Atmini (2022). However, research by Arifuddin et al. (2017) and Sunarsih et al. (2021) shows that company size has a positive effect on audit report lag. Meanwhile, research by Ramadhani et al. (2023) and Siswanto &

Suhartono (2022) shows that company size has no effect on audit report lag. Therefore, can be hypothesized as follows:

H3: Company size has a negative effect on audit report lag

Reputation of Audit Firm on Moderating Opini Audit and Audit Report Lag

Reputation of audit firms can moderate the effect of audit opinion on audit report lag. A bad opinion received by a company indicates that there are many problems that need to be communicated, which will lengthen the audit process. However, Audit Firms that have a good image tend to be able to solve these problems more quickly so that they can avoid delays in completing the audit (Sihombing, 2021). The role of the reputation of audit firms in strengthening the effect of audit opinion on audit report lag is supported by research Wulandari & Dhia (2021) and Sihombing (2021). However, research by Dian Anggraeni et al. (2022) shows that the reputation of audit firms is unable to strengthen the effect of audit opinion on audit report lag. Therefore, can be formulated through the following hypothesis:

H_4: Reputation of audit firm is able to strengthen the effect of audit opinion on audit report lag

Reputation of Audit Firm on Moderating Profitability and Audit Report Lag

Reputation of audit firms can moderate the effect of profitability on audit report lag. High profitability is good news because it shows good company performance. Companies with high profitability tend to want to quickly submit or publish their financial reports, so these companies will choose audit firms that have a good reputation because they are considered more efficient in conducting audits (Caroline et al., 2023). The role of reputation of audit firms in strengthening the effect of profitability on audit report lag is supported by research Evienne & Apriwenni (2019). However, research by Caroline et al. (2023) and Wulandari & Dhia (2021) shows that the reputation of audit firms is unable to strengthen the effect of profitability on audit report lag. Therefore, can be formulated through the following hypothesis:

H_5: Reputation of audit firm is able to strengthen the effect of profitability on audit report lag

Reputation of Audit Firm on Moderating Company Size and Audit Report Lag

Reputation of audit firm is able to moderate the influence between company size on audit report lag. Large companies receive close supervision from the public, such as shareholders, regulators, and the government. Compliance with the law can maintain the image and public trust in the company, so that large companies will accelerate the presentation of financial reports so that auditors can have more time to conduct audit (Evienne & Apriwenni, 2019). The effect of company size on audit report lag will be strengthened by selecting a reputable audit firm because it has better technology availability and competent human resources so that it can shorten the audit completion time (Sari, 2020). The role of reputation of audit firms in strengthening the effect of company size on audit report lag is supported by research Rosalia et al. (2019) and Zahrani et al. (2023). However, research by Febriani & Gunawan (2023) shows that the reputation of audit firms is unable to strengthen the effect of company size on audit report lag. Therefore, can be formulated through the following hypothesis:

H_6: Reputation of audit firm is able to strengthen the effect of company size on audit report lag.

3. Research Methods

This research was conducted at manufacturing companies listed on the IDX in 2018-2022. The population of this study were 99 non-primary consumer goods companies. The sample selection method used was purposive sampling with the acquisition of a final sample of 360 samples. The following are details of the sample selection used in this study:

Tabel 1. Sample Criteria

No	Description	Amount
1	Non-Primary Consumer Sector companies listed on the IDX 2018-2022	99
2	Companies that do not publish audited financial reports on the Indonesia Stock Exchange (IDX) and / or the company website during 2018-2022	(10)
3	Total sample of audited financial statements in 2018-2022 (89 companies x 5 years)	445
4	Annual financial statements that do not use rupiah currency in financial statements (11 companies x 5 years)	(55)
5	Data outlier	(30)
6	Total research sample	360

The aim of this research is to determine the effect of audit opinion, profitability, and company size on audit report lag with reputation of audit firm as moderation. The dependent variable used in the study is audit report lag. The independent variables used in this study are audit opinion, profitability and company size. The moderating variable used in this study is the reputation of the audit firm. The secondary data used in this study are in the form of audited financial reports of all non-primary consumer goods sector companies listed on the Indonesia Stock Exchange in 2018-2022. The audited financial statements are obtained from the Indonesia Stock Exchange website, namely http://www.idx.co.id, the Indonesia Capital Market Directory (ICMD), or the company's website. The following re operational definitions the variable measurements used to collect data:

Tabel 2. Measurement Variable

No	Variable	Measurement	Scale	Reference
1	Audit Opinion (X1)	Companies that get an unqualified opinion are given the number 1, while companies that get an audit opinion other than unqualified are given the number 0	Dummy	Anggrayani & Kuntadi (2024)
2	Profitability (X2)	$\mathrm{ROA} = \frac{\text{Net Income After Tax}}{\text{Total Asset}} \times 100$	Ratio	Wirnawati et al. (2023)

3	Company Size (X3)	SIZE = Ln (Total Asset)	Ratio	Asmedi & Kurniati (2022)
4	Audit Report Lag (Y)	ARL= Date of Audit Report – Audit Financial Report	Nominal	Ni'mah & Triani (2021)
5	Reputation of Audit Firm (Z)	Audit firms affiliated with the Big Four Audit Firm are given a value of 1, while audit firms that are not affiliated with the Big Four Audit Firm are given a value of 0.	Dummy	Rosalia et al. (2019)

This research uses panel data regression analysis to examine the effect of the independent variable on the dependent variable and moderation regression analysis to test the role of moderating variables in strengthening or weakening the influence of the independent variable on the dependent variable.

4. Results

Descriptive Statistic Analysis

Tabel 3. Statistic Descriptive Test

	ARL (Y)	ROA (X2)	SIZE (X3)
Mean	96.79722	-0.040020	28.00416
Median	89.00000	0.005000	27.96248
Maximum	291.0000	0.309948	31.68185
Minimum	45.00000	-7.887390	22.83692
Std.Dev	25.81745	0.499505	1.542908
Skwness	1.862309	-13.24893	-0.144460
Kurtosis	12.18803	193.2097	2.800915
Obs.	360	360	360

Source: Eviews 12 generated output

The maximum value of the audit report lag variable is 291 and the maximum value is 45. This shows that the amount of audit report lag has a range of 45 to 291 days with an average value of 81.71160; median 8.00000; and standard deviation 25. 81754. The highest audit report lag value is found in the company PT Omni Inovasi Tbk, while the lowest value is in the company PT Matahari Departmen Tbk.

The profitability sampled has an average value of -0.040020, a median of 0.005000, and a standard deviation of 0.499505. The maximum value of this variable is 0.309948 in PT Mitra Pinasthika Tbk and the minimum value of -7.887390 in PT Omni Inovasi Indonesia Tbk.

Company size has an average value of 28.00416, a median of 27.96248 and a standard deviation of 1.542908. The maximum value of this variable is 31.68185 in PT Indomobil Sukses Internasional Tbk, and the minimum value of 22.83692 is in the company PT Globe Kita Terang Tbk.

Tabel 4. Statistic Descriptive Test-Dummy Variable

	OP (X1)		**RKAP(Z)**	
	Frekuensi	***Persentase***	***Frekuensi***	***Persentase***
1	351	97.50%	83	23.06%
0	9	2.50%	277	76.94%
Total	360	100%	360	100%

Source: Eviews 12 generated output

Companies that received an unqualified opinion amounted to 351, which is 97.50% of the total sample. Meanwhile, companies that obtained opinions other than unqualified amounted to 9, namely 2.50% of the total sample.

Companies that use Big Four Audit Firm services amount to 83 companies, namely 23.06% of the total sample. Meanwhile, companies that use non-Big Four Audit Firm services amounted to 277, namely 76.94% of the total sample.

Normality Test

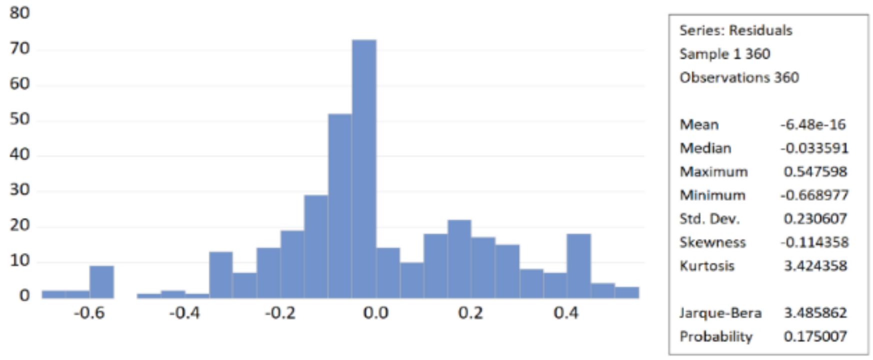

Figure 1. Normality Test Result

Source: Eviews 12 generated output

The test used for the normality test in this study is the jarque-bera test. Based on the test results above, the probability jarque-bera value is 0.175007 (>0.05), it can be concluded that the data is normally distributed.

Multikolinearity Test

Tabel 5. Multikolinearity Test Result

	X1(OP)	X2(ROA)	X3(SIZE)	Z(RKAP)
X1(OP)	1,000000	0,318550	0,103932	0,087653
X2(ROA)	0,318550	1,000000	0,217775	0,100152
X3(SIZE)	0,103932	0,217775	1,000000	0,514569
Z(RKAP)	0,087653	0,100152	0,514569	1,00000

Source: Eviews 12 generated output

The multicollinearity test used in this study is to look at the correlation value between the dependent variables. Based on the multicollinearity test results above, the correlation value between the independent variables is not more than 0.80. So it can be concluded that the regression model is free from multicollinearity problems.

Autocorrelation Test

Tabel 6. Autocorrelation Test Result

Durbin-Watson stat	1,94772

Source: Eviews 12 generated output

The autocorrelation test in this study was carried out with the durbin watson test. Based on the table above, it can be seen that the DW is 1.94772. n = 360 and k = 5 the dU value according to the durbin watson table is 1.84389. The assumption dU < DW < 4-dU (1.84389 < 1 ,94772 < 2.15611) is fulfilled so that it can be concluded that the observed variables do not have autocorrelation problems.

Heterocedasiticy Test

Tabel 7. Heterocedasiticy Test Result

Probability chi-square	0,4663

Source: Eviews 12 generated output

The heteroscedasticity test performed in this study is the Glesjer test. Based on the Glesjer test above, the probabilitychi-square value is 0.4663 (>0.05), it can be concluded that the regression model is free from symptoms of heteroscedasticity.

Chow Test

Tabel 8. Chow Test Result

Effect Test	***Probability***
Cross-section Chi Square	0.0000

Source: Eviews 12 generated output

The Chow test is used to select the best regression estimation model among the Common Effect Model (CEM) or Fixed Effect Model (FEM). Based on the chow test results above, it is known that the probability value is 0.0000 (<0.05), so the selected model is the Fixed Effect Model (FEM).

Hausman Test

Tabel 9. Hausman Test Result

	Probability
Cross-section random	0.4231

Source: Eviews 12 generated output

The Hausman test is used to select the best regression estimation model among the Fixed Effect Model (FEM) or Random Effect Model (REM). Based on the Hausman test results above, the probability value is 0.4321 (>0.05), so the selected model is the Random Effect Model (FEM).

Panel Data Regression Analysis

Based on the chow test and hausman test that have been carried out, the selected panel data regression model is the Random Effec Model (REM).

Tabel 10. Regression Anlysis Test Result

Variable	**Koefesien**	***t-Statistic***	***Probability***
C (Konstanta)	83,85008	2,259242	0,0099
X1 (OP)	-20,66392	-2,320148	0,0209
X2 (ROA)	-23,95702	-9,974879	0,0000
X3 (SIZE)	1,171570	1,041962	0,2981
Z(RKAP)	-2,482162	-0,609389	0,5427
R-Squared			0,259751
Adjusted R-Square			0,251411

Source: Eviews 12 generated output

The X1 variable, namely audit opinion, has a negative coefficient and t-statistic value with a probability value of 0.0209 (<0.05). This shows that audit opinion partially has a negative effect on audit report lag. The X2 variable, namely profitability, has a negative coefficient and t-statistic value with a probability value of 0.0000 (<0.05). This shows that profitability partially has a negative effect on audit report lag. The X3 variable, namely company size, has a positive coefficient and t-statistic value with a probability of 0.2981 (>0.05). This shows that company size partially has no positive effect on audit report lag. The Variable Z, namely reputation of audit firm, has a negative coefficient and t-statistic value with a probability of 0.5427 (>0.05). This shows that the reputation of audit firms partially has no negative effect on audit report lag.

The R-squared value is 0.25971 or 26%. This can be interpreted that the independent variables, namely audit opinion, profitability, company size, and reputation of audit firm, are able to explain or describe the dependent variable, namely audit report lag by 26%. and 74% is explained by other variables not included in this research.

Moderated Regression Analysis (MRA)

Tabel 11. Moderated Regression Analysis Test Result 1

Variable	**coefficient**	***t-Statistic***	***Probability***
C (Constant)	145,8045	15,75109	0,0000
X1(OP)	-49,29245	-5,265491	0,0000
Z(RKAP)	-9,395147	-0,391611	0,6956
X1*Z(OP*RKAP)	6,958462	0,290726	0,7714

Source: Eviews 12 generated output

The variable X1* Z (interaction of audit opinion variables and reputation of audit firms) has a positive t-statistic coefficient and value with a probability of 0.7714 (>0.05). This shows that the reputation of audit firms is unable to strengthen the effect of audit opinion on audit report lag.

Tabel 12. Moderated Regression Analysis Test Result 2

Variable	**coefficient**	***t-Statistic***	***Probability***
C (Constant)	96,079040	1,690317	0,0000
X3(SIZE)	-24,90434	-10,58774	0,0000
Z(RKAP)	2,850346	3,773501	0,4505
X2*Z(ROA*RKAP)	-72,36601	-2,575499	0,0104

Source: Eviews 12 generated output

The X2*Z variable (Interaction of profitability and reputation of audit firm variables) has a negative coefficient and t-statistic value with a probability of 0.0104 (<0.05). This shows that the reputation of audit firms is able to strengthen the negative effect of profitability on audit report lag.

Tabel 12. Moderated Regression Analysis Test Result 3

Variable	**coefficient**	***t-Statistic***	***Probability***
C (Constant)	85,51269	2,841926	0,0047
X3(SIZE)	0,442715	0,406178	0,6849
Z(RKAP)	245,1766	2,692388	0,0074
X3*Z(SIZE*RKAP)	-8,488432	-2,726203	0,0067

Source: Eviews 12 generated output

The variable X3 * Z (interaction of company size and reputation of audit firm variables) has a negative t-statistic coefficient and value with a probability of 0.0044 (<0.05). This shows that the reputation of audit firms is able to weaken the positive effect of company size on audit report lag

Audit Opinion and Audit Report Lag

Based on the results of the regression analysis in this study, audit opinion has a significant negative effect on audit report lag. Companies that obtain an unqualified audit opinion have a shorter audit process time span than companies that obtain audit opinions other than unqualified. The negative effect of audit opinion on audit report lag is also shown by the results of research by Sihombing (2021); Hasanah et al. (2021); Asmedi & Kurniati (2022); Uly & Julianto (2022); and Anggrayani & Kuntadi (2024).

Profitability and Audit Report Lag

The results of the regression analysis that have been carried out show that profitability has a significant negative effect on audit report lag. Companies that obtain high profitability have a shorter audit process time span than companies with low profitability. The negative effect of profitability on audit report lag is also shown in research conducted by Tampubolon & Siagian (2020); Bela et al. (2021); Febriani & Gunawan (2023); Caroline et al. (2023); and Wirnawati et al. (2023)

Company Size and Audit Report Lag

Based on the regression test that has been carried out, company size has no significant effect on audit report lag. Large or small companies will still get pressure from external parties to submit financial reports on time (Sulmi et al., 2020). Regulations that require timeliness of financial report submission apply to all public companies regardless of company size. Research by Sari & Mulyani (2019); Evienne & Apriwenni (2019); Sulmi et al. (2020); Siswanto & Suhartono (2022); and Fu'adiyah et al. (2022) also show that company size has no significant effect on audit report lag.

Reputation of Audit Firm on Audit Opinion and Audit Report Lag

The results of the moderation regression analysis that have been carried out show that the reputation of the audit firm is unable to moderate the effect of audit opinion on audit report lag. Companies that receive an unqualified audit opinion and use the services of an audit firm with a Big Four reputation are unable to shorten the completion of the audit process. Both audit firms that partner with the Big Four and audit firms that have not partnered with the Big Four will still complete the findings during the audit process competently so as not to cause delays in submitting financial reports. Research by Anggraini & Praptiningsih (2022) also shows the results of the inability of the reputation of audit firms to moderate the effect of audit opinion on audit report lag.

Reputation of Audit Firm on Profitability and Audit Report Lag

Based on the results of the moderation regression analysis, the reputation of the audit firm strengthens the effect of profitability on audit report lag. Companies with high levels of profitability along with the use of services from Big Four reputable audit firms have a faster time span for completing the audit process compared to companies that have high profitability but use the services of Non Big Four audit firms.

Reputation of Audit Firm on Company Size and Audit Report Lag

The results of the moderation regression analysis show that the reputation of the audit firm weakens the effect of company size on audit report lag. Based on the t statistic value, the direction of the relationship between company size and audit report lag is positive. Reputation of audit firm weakens this influence. Large-scale companies will extend the audit process, but along with the use of Big Four audit firm services, the audit completion period will be shorter than the use of Non Big Four audit firm services.

5. Conclusion and Suggestion

The results of this study indicate that audit opinion and profitability have a negative effect on audit report lag while company size has no effect on audit report lag. Reputation of audit firms is able to strengthen the effect of profitability on audit report lag but weakens the effect of company size on audit report lag and is unable to moderate the effect of audit opinion on audit report lag.

The suggestions that can be given in this research so that further research can get better results are that the audit opinion variable should be measured using a linkert scale. So that it can better represent the 5 characteristics of audit opinion. The next suggestion is to add research variables that can affect audit report lag. So that it can better explain other factors that influence the audit report lag and be able to increase the coefficient of determination.

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