

The role of auditee, auditor, and engagement to audit fee at SOEs

Lita Natalia, Agus Widarsono, Aristanti Widyaningsih

Magister of Accounting Science, Faculty of Economic and Business Education, Universitas Pendidikan
Indonesia

Corresponding author: litanataliaaa@upi.edu

Abstract

This study aims to analyse the effect of Auditee Aspects, Auditor Aspects and Agreement Aspects, namely Company Size, Company Complexity, Auditor Reputation, and Audit Tenure on Audit Fees in SOEs companies in Indonesia. The method in this study is quantitative using a causal associative design. In this study, the sampling technique used purposive sampling, so that 36 SOEs companies from various industrial clusters were obtained for 4 periods (2018-2021). This study uses descriptive statistical analysis and multiple linear regression analysis methods, after passing various classical assumption tests ranging from normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests. The results of this study indicate that (1) The auditee aspect as measured using company size has a positive effect on audit fees, while company complexity has no positive effect on audit fees; (2) The auditor aspect as measured by auditor reputation has a positive effect on audit fees and; (3) The engagement aspect, which is measured by audit tenure, has no negative effect on audit fees.

Keywords: Audit Fees, Auditor Reputation, Audit Tenure, SOEs, Company Size, Company Complexity.

INTRODUCTION

A company in Indonesia in addition to having a goal to seek profit, the Company also has obligations or responsibilities to internal and external parties. This responsibility is presented through the Annual Report published by the Company. Therefore, the Annual Report or Financial Statements of the Entity are required to be audited starting from BUMN entities, BUMD, entities with public accountants, banking entities in the category of commercial banks and rural banks, non-bank financial institutions, foundations, cooperatives, entities with certain gross circulation or total asset criteria, and other entities regulated by laws and regulations. Based on Law No. 19 Year 2003 on State-Owned Enterprises (SOEs) regulates the status of state companies, such as Perum and Persero. This law also regulates the merger, consolidation, takeover, and dissolution of state-owned companies. It also regulates the appointment of directors and commissioners, internal supervisory units, audit committees, examiners, and public service obligations of state-owned companies. In addition, Law No. 19 of 2003 stipulates that the financial statements of SOEs (State-Owned Enterprises) must be audited.

Arens (2015: 168) states that the audit is very important because it aims to provide users of financial statements with the auditor's opinion on whether the financial statements are presented fairly and in accordance with the applicable financial accounting framework. This is because financial reports are useful for both internal and external parties. Public accountants are a profession trusted by the public in charge of examining and providing opinions to assess whether the financial statements presented by the Company are fair or not. In auditing financial statements, public accountants also need to consider various things to determine the amount of professional audit fees. This audit fee is defined as the payment given by the service recipient to the public accountant in exchange for the services provided (Agun et al., 2021).

The Indonesian Institute of Certified Public Accountants (IAPI) has issued guidelines for the payment of audit fees. Regulation Number 2 of 2016 concerning Determination of Financial Statement Audit Fees sets a lower limit on the financial statement audit fee rate or hourly audit fee for each audit process that KAP will charge to the auditee. Nevertheless, the audit fees paid by companies vary, which makes research on factors that can affect the amount of financial statement audit fees interesting.

According to research by Hay (2010) and Pradana (2016), there are three components that determine the size of the audit fee: 1) auditee/client aspects, 2) auditor aspects, and 3) agreement attributes. In this study, the authors will test the attributes used by Hay (2010) and Pradana (2016) on state-owned companies in Indonesia.

Audit risk can be used to measure aspects of the client or auditee indicators, because audit risk can assess how effective the company's internal control is. According to Pertiwi (2019), the risk of audit assignments increases along with audit efforts to provide a relevant audit opinion adjusted to the agreed audit fee. Determination of audit costs can also be seen through the auditor aspect, namely the auditor's reputation. A reputable auditor has higher audit expertise and will produce better audit quality, which will attract potential investors and increase public confidence in the company (Nugrahani & Sabeni, 2013). The agreement aspect or engagement attribute is another factor that influences the amount of audit fees that is no less important. According to Adminardi (2019), this agreement attribute can be assessed based on auditor tenure or auditor rotation. According to Werastuti (2013), audit tenure is the period of agreement between the auditor and the same auditor from the public accounting firm (KAP). IAI (Indonesian Institute of Accountants) began recommending KAP rotation to reduce the auditor engagement period to reduce audit cases in Indonesia.

Table 1. Business Clusters of State-Owned Enterprises in Indonesia

No.	State-Owned Enterprises	Business Cluster	
		Industry	Service
1	Oil and Gas Energy Industry	2	
2	Healthcare Industry	1	
3	Manufacturing Industry	2	
4	Mineral and Coal Industry	2	
5	Food and Fertiliser Industry	3	
6	Plantation and Forestry Industry	2	
7	Insurance and Pension Fund Services		5
8	Infrastructure Services		8
9	Financial Services		4
10	Logistics Services		6
11	Tourism and Support Services		2
12	Telecommunication & Media Services		4
Total Company		12	29

Source: Data from SOES website (2023)

Based on the website of the State-Owned Enterprises (SOES), currently the SOES Company consists of 12 different types of business clusters, the business clusters are divided into 2, namely Industry and Services. The industry cluster starts with the health industry, manufacturing, minerals and coal, food and fertilisers, plantations and forests, energy services, oil and gas. SOEs with business clusters also consist of financial services, telecommunications and media services, infrastructure services, logistics services, tourism services, insurance services and pension funds (SOEs, 2023). So that the characteristics, management and business strategies of SOES companies are very diverse and different. Because of course the main basis for determining the Audit Fee is the agreement between the Public Accounting Firm (KAP) and the company, it can be said that the main indicators carried out by the KAP, while the indicators used by the company are based on the standard unit of expenditure or budget standards. So it can be seen that the process or determination of audit fees is very diverse, besides that based on the data obtained by the author in the financial statements of SOES. companies, the minimum audit fee amount is IDR 159,500,000 issued by PT Taspen in 2018 and while the maximum audit fee amount is IDR 70,590,000,000 issued by PT Telekomunikasi Indonesia (Persero), Tbk. In 2021, so that different average values are obtained and the gap in the amount of audit fees is because in this SOES there are several types of companies that vary and there are many factors that affect the amount of audit fees.

As for other phenomena in BUMN companies, namely the number of BUMN companies that have stumbled over financial statement cases, meaning that many highly reputable Public Accounting Firms that have audited BUMN cannot reveal fraud or errors in BUMN financial reports so that it can be considered that the amount of high audit fees received by the KAP is not professional. On 8 October 2018, the Financial Services Authority imposed administrative sanctions on Public Accountants (AP) Marlina, AP Merliyana Syamsul and KAP Satrio, Bing, Eny and Partners, partners of Deloitte Indonesia. This step was taken by the regulator in relation to the results of the examination of SNP Finance. In addition, in June 2019, it was found that Garuda Indonesia had misrecognised revenue, which had an impact on Garuda's income statement. Then the Ministry of Finance announced the sanctions imposed on Public Accountant Kasner Sirumapea and the Public Accounting Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Partners for audit errors in the 2018 financial statements of PT Garuda Indonesia Tbk. With the revelation of the Garuda case, it is considered to be an entry point for the disclosure of problems that occur in SOEs, such as the alleged default of Jiwasraya Insurance and alleged corruption in Krakatau Steel, Waskita, and the State Savings Bank (BTN). Although the highly reputable Public Accounting Firm (KAP) industry such as the Big Four and Big Ten have been implicated in various cases, because they have audited the financial statements of many state-owned companies in Indonesia, Chairman of the Indonesian Institute of Certified Public Accountants (IAPI) Tarkosunaryo believes that the KAP industry map in the country has not changed much. Because it is still led by the big four, namely Ernst & Young, PwC, Deloitte, and KPMG, and followed by the big ten KAP. Last but not least, previous studies have also shown inconsistent results regarding the effect of Auditee Aspects, auditor aspects and engagement aspects on Financial Statement Audit Fees or audit fees, therefore researchers are interested in researching "The Role of Auditee, Auditor, and Engagement Aspect to Audit Fee at SOEs".

LITERATUR REVIEW AND HYPHOTESIS DEVELOPMENT

Literature Review

a. Agency Theory

Agency theory is the alignment of the interests of the principal and agent in a contract so that there is no conflict of interest that tends to want its own benefits at the expense of other parties. Agency theory arises because of the conflict of interest between managers as agents and shareholders as principals. It is possible that managers act in their personal interests and not to maximise the company (Mulyani & Munthe, 2019). With the conflict of interest between the principal and the agent, an independent party is needed, namely an external auditor who will carry out monitoring procedures with their agents, external auditors are considered capable of bridging between the principal and agent, to minimise this conflict. Agency relationships in the form of monitoring procedures can lead to the emergence of agency costs, one form of agency costs is monitoring costs incurred to carry out audit procedures by third parties, in the form of audit fees (Jensen and Meckling, 1976). Ramadhan & Laksito (2018) define audit fees as the charges imposed by public accountants on clients for the provision of financial audit services. In other words, the fee charged by the auditor for any services rendered to provide an opinion on the true or favorable condition or position of the client organization.

Hypothesis Development

According to Hay's research (2010), the size of the audit fee is determined by three aspects, including: 1) The auditee / client aspect, 2) Auditor aspect, and 3) Agreement aspect. In the Client Aspect, it can be measured by the audit risk indicator (Sukrisno, 2014) The higher the risk of the audit engagement, the higher the audit effort to provide an appropriate audit opinion adjusted to the amount of audit fees that have been mutually agreed upon. The type of risk inherent in the company is inherent financial and non-financial risk, which is the risk assessed by the auditor before considering the effectiveness of the company's internal control. Simunic (1996) tried to formulate the factors that affect audit fees in financial risk and produced a model stating that audit fees are determined by the size of the company being audited (Company Size). Based on many studies, it is stated that company size has a

positive effect on audit fees, meaning that the greater the total assets, the greater the audit fee paid by the company, this is because large companies will have large transactions so that the time required for audit activities is longer (Pertwi, 2019; Sari, 2021; Yulianti et al., 2019). Therefore, based on the aforementioned statement, the first hypothesis of this research is:

H1: There is a positive effect of Company Size on Audit Fees in SOES companies in Indonesia

Apart from company size, companies that have subsidiaries are considered to have a high inherent risk of non-financial type companies (Nugrahani & Sabeni, 2013). Research by Hay et al. (2008) also states that there is a significant positive relationship between subsidiaries and the size of the external audit fee. The more complex the client, the more difficult it is to audit and will take longer. This results in higher audit fees as well as several studies (Martinus & Kurniawati, 2023; Nisak, 2020; Sinaga & Rachmawati, 2018; Tat & Murdiawati, 2020; Wea, 2019; Yulianti et al., 2019), so the existence of subsidiaries will affect the determination of external audit fees. Therefore, based on the aforementioned statement, the second hypothesis of this research is:

H2: There is a positive effect of Company Complexity on Audit Fees in state-owned companies in Indonesia

Determination of Audit Fees can also be seen through the Auditor Aspect, namely Auditor Reputation, because reputable auditors have higher audit expertise and will produce better audit quality so that companies can attract potential investors so that public trust in the company will increase (Nugrahani & Sabeni, 2013). Therefore, the Audit Fee of Big 4 KAP is higher than non-big 4, therefore, this statement is supported by research by Sinaga & Rachmawati (2018). This statement is also in line with several studies, namely KAP Size or Auditor Reputation has a positive influence on Audit Fees (Nisak, 2020; Pertwi, 2019; Yulianti et al., 2019). Therefore, based on the aforementioned statement, the third hypothesis of this research is:

H3: There is a positive effect of Auditor Reputation on Audit Fees in state-owned companies in Indonesia

Another aspect that affects the amount of audit fees that is no less important is the attributes of the agreement or engagement attributes, Adminardi (2019) states that this engagement attribute can be assessed based on audit tenure or the period of KAP rotation. This Audit Tenure considers that the longer the year of the engagement or audit agreement, the easier it is for the auditor to understand or get to know the company. So that the audit process that is carried out can run more easily, and will affect the amount of audit fees paid. Although there are not many studies that use audit tenure as an attribute of the agreement, based on research (Aisyah et al., n.d.) states that audit fees can strengthen the effect of audit tenure on audit quality. These results can be understood that to improve audit quality, an auditor must conduct an audit Tenure and must also receive a high audit fee. Therefore, based on the aforementioned statement, the fourth hypothesis of this research is:

H4: There is a negative effect of Audit Tenure on Audit Fees in state-owned companies in Indonesia

So based on the description of the statement above, the authors make a theoretical framework as follows:

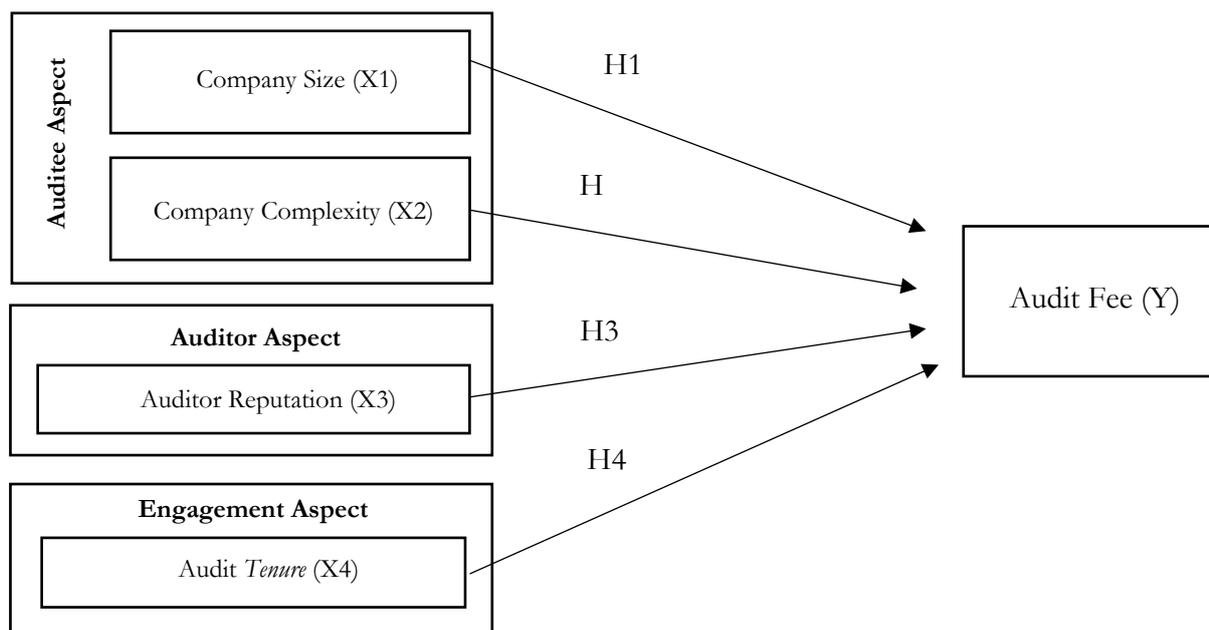


Figure 1. Theoretical Framework of the Effect of Company Size, Company Complexity, Auditor Reputation, and Audit Tenure on Audit Fees at State-Owned Enterprises

METHODS

The type of research method chosen is quantitative research with the research design used is Causal Associative. In this study, the independent variables used are the auditee aspect, the auditor aspect and the engagement / agreement aspect, denoted by the X variable. The dependent variable in this study is the audit fee which is denoted as variable Y.

1. The Auditee aspect in this study uses indicators:
 - a. Company Size (X1) can be measured by the amount of company assets owned. In this study using the Natural Logarithm of Total Assets owned by the company,
 - b. Company Complexity (X2), is the number or total of subsidiaries or subsidiaries in the SOES.
2. The Auditor aspect in this study uses the Auditor Reputation indicator (X3) given 3 categories, Category (2) is given to KAP Big Four and; Category (1) is given to KAP Big Ten other than Big Four; Category (0) is given to KAP other than Big Ten.
3. While the Agreement / Engagement Aspect in this study uses the Audit Tenure indicator (X4), by calculating how long the auditor's relationship with the company is (Werastuti, 2013).
4. Audit Fee (Y), measured using the natural logarithm of the audit fee. Natural logarithms are used to minimise differences in numbers that are too far from the data obtained.

The population in this study were all State-Owned Enterprises in Indonesia in 2023, totalling 41 companies. In this study, the sampling technique used in this study was purposive sampling technique. So that a sample of companies that meet the criteria is obtained as many as 36 with 4 periods used (2018-2021), so the total research sample is 144. Based on the source, the type of data used in this study is secondary data. While the data sources used in this study are in the form of annual financial reports obtained from the official website of the Indonesia Stock Exchange (IDX) and also obtained from the websites of each company. The data analysis technique used in this research is multiple linear regression with the help of the SPSS version 26.0 programme.

RESULTS AND DISCUSSIONS

Descriptive Statistics Analysis

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company Size	144	1.846.873.018.886	1.725.611.128.000.00	233.852.914.011.198.	441.905.265.105.7
			0	38	03.500
Company Complexity	144	0	34	7.18	6.877
Auditor Reputation	144	0	2	1.31	.692
Audit Tenure	144	1	5	1.97	1.041
Audit Fee	144	159.500.000	70.590.000.000	599.870.1996.01	11.343.400.189.24
					7
Valid N	144				

(listwise)

Source: Processed Secondary Data, 2023

It can be seen in the table above, the results of descriptive statistical data show that the number of data for each valid variable is 144. Of the 144 data samples, the Company Size variable assessed by company assets has a minimum value from the company PT Indonesian Tourism Development (Persero) in 2018 of IDR 1,846,873,018,886 and a maximum value from the company PT Bank Mandiri Tbk in 2021 of IDR 1,725,611,128,000,000. The standard value is greater than the average value, this shows good and very varied data results.

Company complexity is assessed by an indicator of the number of subsidiaries of the company, company complexity has a minimum value of 0, meaning that there are companies that do not have subsidiaries such as Perum LPPNPI and a maximum value of 34 subsidiaries owned by PT Telekomunikasi Indonesia (Persero), Tbk. In 2019.

For the Auditor Reputation variable in the analysis results with descriptive statistics, the minimum value is 0, meaning that there are several companies audited by the Non-big 10 Public Accounting Firm and the maximum value is 2, meaning that there are BUMN companies audited by the Big 4 Public Accounting Firm.

For the Audit Tenure variable in the analysis results with descriptive statistics, the minimum value is 1, meaning that there are several companies audited by the Auditor starting with the first year of engagement and the maximum value is 5, meaning that there are SOES companies audited by auditors with a maximum engagement period of up to year 5.

For the Audit Fee variable in the analysis results with descriptive statistics, the minimum value of IDR 159,500,000 was issued by PT Taspen in 2018 and the maximum value was IDR 70,590,000,000 issued by PT Telekomunikasi Indonesia (Persero), Tbk in 2021.

Table 3. Descriptive Statistics of Auditor Reputation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	19	13.2	13.2	13.2
	1	62	43.1	43.1	56.3
	2	63	43.8	43.8	100.0
	Total	144	100.0	100.0	

Source: Processed Secondary Data, 2023

Classical Assumption Test

The data in this study have passed and passed the classical assumption test or there is no disturbance, the classical assumption tests carried out are Normality Test (Kolmogorov-Smirnov), Multicollinearity Test, Heteroscedasticity Test (Scatter Plot), and Autocorrelation Test. The following are the results of these classic tests:

1. Normality Test (Kolmogorov-Smirnov)

Table 4. Normality Test Result
One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
Test Statistic	.067
Asymp. Sig. (2-tailed)	.200 ^{e,d}

Source: Processed Secondary Data, 2023

In the Kolmogorov-Smirnov test method, if the significance value is > 0.05 then the variable is normally distributed and vice versa if the significance < 0.05 then the variable is not normally distributed. From the results of table 4.3 it can be seen that the value of Asymp. Sig. (2-tailed) of $0.200 > 0.05$, this proves that the data is normally distributed.

2. Multicollinearity Test

Table 5. Multicollinearity Test Result

Independent Variable	Tolerance	VIF	Description
Company Size	0,553	1.809	No multicollinearity
Company Complexity	0,668	1.497	No multicollinearity
Auditor Reputation	0,565	1,769	No multicollinearity
Audit <i>Tenure</i>	0,953	1,049	No multicollinearity

Source: Processed Secondary Data, 2023

Seeing the results in table 5. the results of the calculation of the Tolerance value, there are no independent variables that have a Tolerance value of less than 0.10 and the Independent Factor (VIF) variable also shows the same thing, namely the absence of the VIF value of the independent variable which has a VIF value of more than 10. The results of the calculation of the Tolerance and VIF values can be concluded that there is no multicollinearity between the independent variables in the regression model.

3. Heteroscedasticity Test (Scatter Plot)

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. The way to find out whether heteroscedasticity occurs or not is by using the Scatter Plot between the predicted value of the independent variable, ZPRED, and the dependent SRESID.

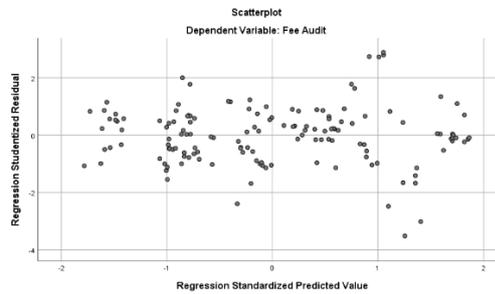


Figure 2. Scatter Plot Graphic

Based on Figure 2 above, it can be seen that there is no clear pattern and the dots spread above and below the number 0 on the Y axis. This shows that the data in this study does not occur heteroscedasticity.

4. Autocorrelation Test

To determine autocorrelation, the following benchmark can be taken, the Durbin Watson value is less than 1 or greater than 3, there must be autocorrelation (Durbin and Watson, 1951), which means that the DW value between 1-3 does not occur autocorrelation.

Table 6. Autocorrelation Test Result

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.797 ^a	.636	.625	.80014	1.011

a. Predictors: (Constant), Audit Tenure, Audit Reputation, Company Complexity, Company Size

b. Dependent Variable: Fee Audit

Source: Processed Secondary Data, 2023

Based on table 4.5 above, it can be seen that the Durbin Watson value is 1.001. It is known that the Durbin Watson value is between 1-3 so that there is no autocorrelation (Field, 2009). So it can be concluded that in this study there is no autocorrelation.

Multiple Linear regression Analysis Test

Table 7. Multiple Linear Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.459	1.493		4.997	.000
	Company Size	.429	.050	.595	8.649	.000
	Company Complexity	-.014	.012	-.069	-1.106	.271
	Auditor Reputation	.607	.129	.321	4.720	.000
	Audit tenure	-.051	.066	-.041	-.778	.438

a. Dependent Variable: Fee Audit

Source: Processed Secondary Data, 2023

Based on table 4, the multiple linear regression equation in this study is as follows:

$$Y = 7,459 + 0,429 X1 - 0,014 X2 + 0,607 X3 - 0,051 X4 + e$$

Hypothesis Test

1. T Test (Partial)

Based on table 4 above, it can be described for each variable as follows:

Hypothesis 1. The Effect of Company Size on Audit Fees

Based on the partial test results for the Audit Fee variable, t count = 8.649 and t table 0.67620, t count 8.469 > t table 0.67620 with a significance value of 0.000 < 0.05, Ho is rejected and H1 is accepted. This shows that H1 which states that Company Size has a significant positive effect on Audit Fees.

Based on the partial test results, it states that Company Size has a positive effect on Audit Fees. This means that in state-owned companies in Indonesia, the greater the total company size proxied by the natural logarithm of the company's total assets, the higher the audit fee that must be issued by the company.

This is because a large company will have large total assets, so that the company's cash flow is considered to have better prospects in a relatively long period of time. In addition, it also reflects that the company is relatively more stable and more capable of generating profits, so it will be more highlighted by the government and investors (Nugrahani & Sabeni, 2013). However, with the large assets, it means that the company has more and more complex transactions, so that with the amount of transaction evidence that will be generated, it will make the auditor have to take a lot of evidence in examining the company's financial statements. So that the time to audit the company will be longer, so that the audit fees that must be issued will also increase (Yulianti et al., 2019).

The results of this study are in accordance with agency theory where large companies will have a high potential for conflict between agents and principals, so agency costs will increase (Jensen, M. C., & Meckling, W. H., 1976). Large companies are also required to disclose more information to balance information between principals and agents. The amount of information disclosed makes the auditor have more tasks in ensuring the accuracy of the information. This has an impact on increasing the audit fee or audit service fee, which is one of the agency costs.

Then the size of the company has a positive effect on the company's audit fee, this is also in line with research conducted by Naser and Hassan (2016), Pertiwi (2019), Pradana (2016), Yulianti et al. (2019), Nugrahani & Sabeni (2013), Tat & Murdiawati (2020), Sari (2021), Adminardi (2019). The results of this study add evidence that company size, proxied by the size of the company's total assets, will increase the audit fees issued to auditors, in this case in state-owned companies in Indonesia

Hypothesis 2. The Effect of Company Size on Audit Fees

Based on the partial test results for the Audit Fee variable, t count = -1.106 and t table 0.67620, t count -1.106 < t table 0.67620 with a significance value of 0.271 > 0.05, Ho is accepted and H2 is rejected. This shows that H2 which states that Company Complexity has no positive effect on Audit Fees.

Based on the partial test results, it states that Company Complexity has no positive effect on Audit Fees. This means that the more complex a company, proxied by the number of subsidiaries, will not affect the amount of audit fees that must be paid to the auditor. Based on Auditing Standard 550 (Revised 2021) concerning Related Parties, it states that a related party is a party that has direct or indirect equity or other financial interests in the entity and is part of those responsible for governance or key management (i.e. members of management who have the authority and responsibility to plan, therefore

the existence of a subsidiary is a related party of a company. So that the existence of related parties such as subsidiaries is likely to affect the working hours and audit costs that must be incurred.

Although the results of this study are not in line with existing theory, it does not mean that it cannot happen, the possibility of this happening is due to several things, the first is the complexity of a company proxied by the number of subsidiaries is assumed to result in a large number of related party transactions that occur, thus providing a risk in auditing, but these transactions are commonly carried out in large companies such as SOES in order to maintain their business continuity, so that the complexity of these transactions seems common and does not affect the amount of audit fees (Ardianingsih, 2013).

In addition, the complexity of the company has no effect on audit fees, it can also be caused by the possibility that subsidiaries in SOES use different auditors from their parent companies (Rukmana, 2017), empirical evidence states that in 2021 the company PT Bank Raya Indonesia (formerly PT Bank Rakyat Indonesia Argoniaga Tbk) used the services of Ernest & Young (EY) Public Accountants, in contrast to its parent company, PT Bank Rakyat Indonesia Tbk (BBRI) audited by Pricewater House (PwC). Still in the same year a subsidiary of PT Pertamina Tbk, namely PT Perusahaan Gas Negara (PGN) was audited by Pricewater House (PwC), while PT Pertamina Tbk itself was audited by Ernest & Young Public Accountants (EY). This is also the case with PT Hutama Karya, which is a SOES that uses PwC audit services (Public Accounting Firm Tanudiredja, Wibisana, Rintis & Partners), in contrast to its subsidiary, PT Wijaya Karya Tbk, which uses RSM audit services (Public Accounting Firm Amir Abadi Jusuf, Aryanto, Mawar & Partners).

The sample in this study uses a period of years ranging from 2018 to 2021 where there is no regulation that in the process of auditing State-Owned Enterprises (SOES) will only be carried out by 12 Public Accounting Firms (KAP) affiliated with KAP with a high reputation in the world, both big 4 and non big 4, so that there are still many SOES parent companies that are audited by different KAP with their subsidiaries. This rule is contained in the attachment to the letter tabulating KAP data on SOEs Number S-199 / MBU / DKU / 08/2021 dated 31 August 2021.

The results of company complexity have no effect on corporate audit fees and are also in line with previous research conducted by Hidayat (2021), Adminardi (2019), and Cristansy & Ardiati (2018). The results of this study add evidence that company complexity, proxied by the number of subsidiaries owned, will not affect the audit fees issued to auditors, in this case in state-owned companies in Indonesia.

Hypothesis 3. The Effect of Company Size on Audit Fees

Based on the partial test results for the Audit Fee variable, t count = 4.720 and t table 0.67620, t count $4.720 > t$ table 0.67620 with a significance value of $0.000 < 0.05$, H_0 is rejected and H_3 is accepted. This shows that H_3 which states that Auditor Reputation has a significant positive effect on Audit Fees.

Based on the partial test results, Auditor Reputation has a significant positive effect on Audit Fees, meaning that the larger the public accounting firm that audits the financial statements of SOES in Indonesia, the higher the amount of audit fees that must be issued by the company.

Auditor Reputation has a significant positive effect on audit fees, explaining that most SOES companies in Indonesia issue large audit fees for audit services from KAP affiliated with big four KAP, then big ten KAP, and then non big ten. Empirical evidence still shows that the amount of Audit Fee with a minimum value of IDR 159,500,000 was issued by PT Taspen in 2018 for financial statement audit services to KAP Mirawati, Sensi & Idris, (Member of Moores Stephen International) which is a KAP outside the big ten. Meanwhile, the maximum value of audit fees issued was IDR 70,590,000,000 by PT Telekomunikasi Indonesia (Persero), Tbk in 2021 for financial statement audit services performed by KAP Purwantono, Sungkoro & Surja (Member of Ernest & Young) which is an affiliate of the big four.

In addition, Auditor Reputation has a positive effect on company audit fees, this is strengthened by previous research, because it is in line with research conducted by Pertiwi (2019), Yulianti et al. Tat & Murdiawati (2020), Sari (2021), Adminardi (2019), Rahman et al. (2022), and Nisak (2020). The results of this study add evidence that auditor reputation proxied by the big four, big ten, or outside the big four

and big ten public accounting firms to audit state-owned companies in Indonesia will have a positive effect on the amount of audit fees issued to auditors.

Hypothesis 4. The Effect of Company Size on Audit Fees

Based on the partial test results for the Audit Fee variable, t count = -0.778 and t table 0.67620, t count $-0.778 < t$ table 0.67620 with a significance value of $0.438 > 0.05$, H_0 is accepted and H_4 is rejected. This shows that H_4 which states that AuBased on the partial test results, it states that Audit Tenure has no positive effect on Audit Fees, meaning that the length or duration of the engagement period that exists between auditors from a public accounting firm (KAP) and the same auditee has no effect on the amount of audit that must be paid.

The results of this study are not in line with existing theory, but that does not mean it cannot happen, the possibility of this happening is due to several things, the first is that the increase in audit fees only occurs in the year of mandatory rotation or change of engagement with a different KAP from the previous year, but this is not the case in the first year and second year after mandatory rotation which has no effect on increasing audit fees (Stewart, et.al 2016). Then in the first year and second year after the rotation, the replacement partner has gained a deep understanding of company-specific information. Therefore, the level of risk faced by the replacement partner is not as great as in the year of rotation, so it is possible that the replacement partner does not increase the audit fee charged to the client.

In addition, other studies state that audit fees do not change due to audit tenure, in the study found that the auditor's engagement period with the auditee was not related to the level of realisation or audit fees in a sample of special sectors, confirming our prediction that in an uncompetitive market, low initial audits and fee discounts will not occur (Jonhson & Keefe., 2015).

Based on the sample in this study, namely state-owned companies in Indonesia, which have 12 different industry clusters, so the rules and engagement period with auditors or public accountants will be different. The audit year calculation is attached to the public accountant, so that if the public accountant moves to another Public Accounting Firm (KAP) but still conducts audits on the same client, the audit year calculation still continues. In accordance with Government Regulation Number 20 of 2015 concerning Public Accountant Practices, the provision of audit services on financial information for an entity by a public accountant is limited to no more than 5 (five) consecutive financial years. This entity consists of industries in the capital market sector, pension funds, insurance/reinsurance companies, or State-Owned Enterprises. The provision of restrictions on the provision of audit services is only attached to public accountants, while for KAP there are no restrictions on the provision of audit services. For example, if public accountant A at KAP ABC has provided services for 5 consecutive years to PT X, then public accountant B at KAP ABC is still allowed to provide general audit services in the sixth year. Although the majority of rules regarding the provision of audit services are no later than 5 years in SOES in Indonesia, SOES companies in the banking sector have different regulations issued by the Financial Services Authority, namely in the Financial Services Authority Regulation Number 13 /POJK.03 /2017 Regarding the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities states that the engagement period with a public accountant or AP is no shorter than 1 (one) year and no later than 3 (three) years, therefore differences in regulations related to the engagement period caused by differences in business clusters in SOES in Indonesia may be one of the causes of audit tenure or the engagement period does not affect the amount of audit fees issued.

The empirical evidence in this study shows that in 2020 and 2021 PT Perkebunan Nusantara III (Persero), was audited for the 2nd and 3rd years by the Public Accounting Firm Purwantono, Sungkoro & Surja (EY), namely with the same public accountant, Damestar Hutagalung, but the company still issued the same amount of audit fees in both years, namely IDR 5. 190,900,000. It can be concluded that audit tenure proxied by the length of the engagement period between the auditor and the auditee, namely state-owned companies in Indonesia, will not have a negative effect on the amount of audit fees issued to auditorsdit Tenure has no positive effect on Audit Fees.

2. F Test (Simultaneous)

Table 8. F Test Result
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	155.454	4	38.864	60.704	.000 ^b
	Residual	88.990	139	.640		
	Total	244.444	143			

a. Dependent Variable: *Audit Fee*

b. Predictors: (Constant), Audit Tenure, Audit Reputation, Company Complexity, Company Size

Source: Processed Secondary Data, 2023

From the results of simultaneous calculations in table 5. the calculated F value is 60.704 with a significance of 0.000 and an F table of 2.67. The calculated F value is greater than the F table value and the significance value <0.05 . Thus, it means that there is an influence between Company Size (X1), Company Complexity (X2), Auditor Reputation (X3), and Audit Tenure (X4) simultaneously affecting Audit Fees (Y).

3. Determination Coefficient Test

Table 9. Determination Coefficient Test Result
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.797 ^a	.636	.625	.80014	1.011

a. Predictors: (Constant), Audit Tenure, Audit Reputation, Company Complexity, Company Size

b. Dependent Variable: Audit Fee

Source: Processed Secondary Data, 2023

In table 6. it can be seen from the results of calculations using the SPSS 26 programme that the coefficient of determination (R Square) obtained is 0.636. This means that 63.6% of the Audit Fee can be explained by the variables Company Size, Company Complexity, Auditor Reputation, and Audit Tenure, while the remaining 36.4% of the Audit Fee is influenced by other variables not examined in this study.

CONCLUSION

This study aims to analyse the effect of auditee aspects, auditor aspects, and engagement aspects on audit fees in state-owned companies in Indonesia. Based on the results of the analysis and discussion that has been carried out, the following conclusions are obtained:

1. Auditee aspects as measured by Company Size have a positive effect on Audit Fees. Meanwhile, Company Complexity has no positive effect on Audit Fees.
2. The Auditor Aspect as measured by Auditor Reputation has a significant positive effect on Audit Fees.
3. The engagement aspect as measured by Audit Tenure has no positive effect on Audit Fees.

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