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The role of external auditors and company characteristics in Audit Report Lag

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Abstract

This research aims to analyze the factors influencing Audit Report Lag (ARL) in companies within the trade, services, and investment sectors listed on the Indonesia Stock Exchange (IDX) during the period 2019-2022. The study sample comprises 128 observations, with financial data and company characteristics extracted from annual reports available on the IDX. The fixed-effect regression analysis method is employed for data modeling. The results indicate that the tenure of the Public Accounting Firm has a significant negative impact on ARL, thereby accelerating the audit report preparation process. Conversely, the auditor's reputation from the Big 4 Public Accounting Firms shows no significant influence on ARL. The effectiveness of the Audit Committee is not significant, while the company's financial condition and profitability have a significant negative impact on ARL. The complexity of the company's accounting does not significantly affect ARL.

Keywords: Audit Committee Effectiveness, Financial Condition, Accounting Complexity, Profitability, Auditor Reputation, Audit Tenure, Audit Report Lag

INTRODUCTION

In the continuously evolving business world, the sustainability and integrity of a company are reflected not only in its financial performance but also in the quality and transparency of its financial reports. Audit Report Lag (ARL) serves as a key indicator in assessing the efficiency and reliability of the audit process, as well as the speed of preparing audit reports after the reporting period. The prompt presentation of financial reports has a significant impact on investment decisions, management policies, and the market perception of a company (Newton & Ashton, 1989).

Financial reports provide a systematic and structured overview of the financial situation and performance of an entity, representing the outcomes of accounting processes that depict the financial condition over time(Bamber et al., 1993). This information is utilized by business stakeholders for decision-making. Therefore, financial reports must be delivered as promptly as possible to ensure that economic considerations can be promptly addressed, and the information contained therein remains relevant. The government has mandated through the Financial Services Authority Regulation No. 29/POJK.04/2016, Chapter III on the Submission of Annual Reports, Article 7, that issuers or public companies must submit their Annual Reports to the Financial Services Authority no later than the end of the fourth month after the fiscal year ends.

The timely submission of audited financial reports not only enhances the relevance of a company but also fosters trust, credibility, and reliability. The delay in publishing audited financial reports can adversely affect various stakeholders, including investors, policymakers, business practitioners, management, and employees(Habib & Bhuiyan, 2011). Therefore, this delay requires greater attention from various stakeholders. According to the Indonesia Stock Exchange (BEI) data, there are still many companies in Indonesia that experience delays in submitting audited financial reports. This can be observed in Figure 1.

Figure 1. Companies Delayed in Publishing Financial Reports on the Indonesia Stock Exchange (BEI)

In Figure 1, it is indicated that in the year 2019, there were 42 companies that were delayed in publishing financial reports. In the year 2020, there was a significant increase, with a total of 88 companies experiencing delays in publishing financial reports. The year 2021 also saw a notable rise, with 91 companies being delayed in publishing financial reports. However, in 2022, there was a decrease, with 61 companies being delayed in publishing financial reports. In the year 2021, companies in the trade, services, and investment sectors experienced the most delays, totaling 55 companies. Meanwhile, data on companies that are delayed based on sub-sectors in the Indonesia Stock Exchange can be seen in Figure 2.

Figure 2. Sectors Delayed in Publishing Financial Reports on the Indonesia Stock Exchange (BEI) in 2022

As depicted in Figure 2, nearly all business sectors on the Indonesia Stock Exchange are experiencing delays in the publication of financial reports, with particularly significant impacts felt by companies in the trade, services, and investment sectors. These delays not only affect operational smoothness but also give rise to substantial financial pressures. The aim of this research is to investigate and further understand the repercussions of delayed financial report publication across various business sectors on the Indonesia Stock Exchange, with a specific focus on the trade, services, and investment sectors.

In this context, the aim of the research is to investigate several factors that can influence Audit Report Lag (ARL). These factors involve the role of Big 4 audit firms, the length of auditor-client relationship (KAP Tenure), the effectiveness of the Audit Committee, the financial condition of the company measured through the Zmijewski Model, the level of profitability indicated by Return on Assets (ROA), and the complexity level of the company. Studies conducted by (Ariyani & Budiartha, 2014); (Hassan, 2016) and (Ocak & Özden, 2018) state that the auditor's reputation has a significant positive influence on audit report lag, contrary to research conducted by (Rosharlianti, 2021) and (Abdillah et al., 2019) stating that the auditor's reputation does not affect audit report lag. Muna and Lisiantara (2021) and Rusmin and Evans (2017) state that the auditor's reputation has a negative influence on audit report lag. Additionally, Dao and Pham (2014) found that audit tenure has a negative influence on audit report lag. However, these findings contradict Dewi and Hadiprajitno (2017) who show that audit tenure does not affect audit report lag. The integration of these variables in the research aims to provide a more comprehensive understanding of the factors that may accelerate or decelerate the audit process and financial reporting preparation.

LITERATURE REVIEW

Literature Review

The agency theory, as described by Jensen and Meckling (1976), elucidates the relationship between the management of a company, referred to as the agent, and the shareholders, known as the principal. According to Joy (2018), audits are conducted before a company's financial reports are publicized to prevent information asymmetry derived from financial statements. Auditors are expected to complete audits swiftly and effectively to reduce Audit Report Lag (ARL). The implementation of incentives, well-structured contracts, and monitoring mechanisms can help mitigate conflicts of interest and minimize ARL. External auditors can be considered agents acting on behalf of the principal, i.e., shareholders or external parties requiring accurate and timely audit information.

In the context of ARL, the agency theory can be applied by examining how shareholders (principal) and company management (agent) have differing interests regarding the preparation of audit reports. Management may have incentives to delay the preparation of audit reports to manage the company's image, while shareholders desire quick and accurate information(Al-Ajmi, 2008). By applying the principles of the agency theory, company characteristics such as the effectiveness of the audit committee, financial condition, accounting complexity, and profitability can influence the audit process, including ARL. Managing agency conflicts and enhancing transparency can be strategies to minimize ARL and ensure that audit reports are prepared promptly and accurately.

HYPOTHESIS DEVELOPMENT

The influence of Audit Tenure on Audit Report Lag

Audit tenure refers to the duration during which an independent auditor provides services to a client organization in a consecutive and mutually connected manner. The relationship between timeliness and auditor behavior can be understood through the lens of agency theory. Specifically, when auditors or audit firms have established a long-term relationship with their clients, the likelihood of audit lag significantly decreases. This is attributed to the auditors' familiarity with the unique characteristics and operations of the audited company. Dao and Pham (2014) found that Audit tenure has a negative impact on Audit Report Lag (ARL).
H1: Audit Tenure has a negative impact on Audit Report Lag.

The Influence of Auditor Reputation on Audit Report Lag

The concept of auditor reputation is related to the identification and disclosure of significant inaccuracies. Public accounting firms with a good reputation, often referred to as the Big 4, are known for their ability to conduct audits efficiently and effectively, resulting in high-quality audits. This is largely due to their allocation of extensive professional resources. Reducing the duration of the audit process is a strategic approach for public accounting firms to maintain their level of excellence. If auditors successfully complete their audit reports within the specified timeframe, there is a risk of losing potential clients in the following years. Public accounting firms with a strong reputation in audit planning demonstrate a higher level of experience and consider the number of auditors involved. In cases where the audit duration is constrained, these firms will increase the number of auditors assigned to the task. Conversely, if a public accounting firm does not have a good reputation, the number of auditors involved in the audit process will be limited, resulting in a prolonged audit duration. Research conducted by (Muna & Lisiantara, 2021); (Rusmin & Evans, 2017) states that auditor reputation has a negative impact on Audit Report Lag.
H2: Auditor reputation has a negative impact on Audit Report Lag.

The Influence of Audit Committee Effectiveness on Audit Report Lag

The audit committee plays a crucial role in enhancing the quality of financial reporting within a company, underscoring the importance of the committee's effectiveness as a determinant of corporate quality. The success of an audit committee in a company can be evaluated based on various factors, including its composition, the authority it possesses, and the resources and expertise it has. These elements collectively contribute to the overall effectiveness of the audit committee. According to agency theory, the existence of an audit committee is hypothesized to reduce agency problems. The rationale is that the presence of an audit committee empowers the company to conduct a comprehensive evaluation of its internal control system, assess the accuracy and reliability of the company's financial statements, and enhance the efficiency of the audit function within the organization. Improved effectiveness of the audit committee can contribute to reducing the time needed by auditors to complete their audit tasks. In their research, Mohamad Naimi et al., (2010) presented strong data supporting the idea that there is a negative relationship between the size of the audit committee and audit report lag. This research finding is reinforced by previous studies conducted by Abdillah et al., (2019) Joy (2018) and Oussii and Boulila Taktak (2018), which explain that the effectiveness of the audit committee negatively influences audit report lag.
H3: The effectiveness of the audit committee has a negative impact on audit report lag.

The Influence of Financial Condition on Audit Report Lag

The financial condition of a company can be categorized into three different states: healthy, vulnerable, and bankrupt (Priantoko & Herawaty, 2019). The financial status of a company can be assessed using various measurement variables, including return on assets, financial leverage, and liquidity. These indicators are evaluated through the bankruptcy analysis framework known as the Zmijewski Model (Abdillah et al., 2019). The financial condition of a company indicating a significant risk of bankruptcy poses challenges for auditors in collecting additional data to ensure an accurate organizational status. The challenges faced by auditors during audit procedures can result in a prolonged duration for auditors to issue their independent audit reports, leading to an extension of the audit report lag period. Listiana and Susilo (2012) conducted research examining the financial health of companies. Their findings indicate that a company's challenges in meeting its debt obligations, evidenced by a high bankruptcy rate, contribute to the extension of auditor working hours. Consequently, this leads to prolonged delays in audit reports. This statement is reinforced by the research of Kusumawardani (2013), which explains that poor the financial condition will negative influence the level of audit report lag. Meanwhile, the study conducted Himawan and Venda (2020) found that good financial conditions will have a negative impact on the delay in submitting financial reports.
H4: The financial condition of the company has a negative impact on audit report lag.

The Influence of Company Accounting Complexity on Audit Report Lag

The complexity of operations is highly dependent on the total and unit operations of a company. According to Che-Ahmad and Abidin (2008), companies with a large number of subsidiaries indicate an increase in operational complexity, leading to a broader scope of audit investigation. These factors tend to extend the duration needed by auditors to complete the audit. According to the findings of (Ariyani & Budiartha, 2014) there is a strong relationship between the level of operational complexity and the duration of audit report lag.
H5: Company accounting complexity has a positive impact on audit report lag.

The Influence of Profitability on Audit Report Lag

Profitability is an indicator of a company's success in generating financial gains through its operational efforts. Companies can be considered to benefit from high profitability, which can be viewed as a positive development. Companies with favorable news are more likely to demonstrate a higher tendency to expedite audit procedures, thus avoiding potential financial delays. There is a higher likelihood for

companies with higher profitability to comply with timely financial reporting compared to companies with lower profitability. According to (Listiana & Susilo, 2012) and (Prameswari & Yustrianthe, 2015), empirical studies show a negative relationship between company profitability and audit report lag.
H6: Profitability has a negative impact on audit report lag.

RESEARCH METHODS

This study employs a secondary data analysis approach by sampling companies listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2022. The sample is focused on the trade, services, and investment sectors, encompassing observations from 128 companies. Financial data and company characteristics are extracted from the annual financial reports available through the IDX platform. Regression analysis is utilized as the primary method to identify factors influencing Audit Report Lag (ARL), with independent variables involving the length of tenure of the Public Accounting Firm (AT), auditor reputation from Big 4 Public Accounting Firms (BIG4), Effectiveness of the Audit Committee (EAC), financial condition of the company (ZFC), profitability (ROA), and company accounting complexity (COM). The measurement of variables can be seen in Table 1.

Table 1. Operational Variable Definitions

No	Variable	Code	Measurement of Variable	Source
1	Audit Report Lag	ARL	The audit report lag variable is measured by calculating the number of days from the company's fiscal year-end (January 1) to the date of signing the Independent Auditor's Report by the auditor listed in the company's audited financial statements.	(Rusmin & Evans, 2017)
Panel A: The Role of External Auditor				
2	BIG 4	BIG4	The auditor's reputation variable is measured using a dummy variable. Companies audited by the Big Four Public Accounting Firms are assigned a value of 1, while companies audited by firms other than the Big Four are assigned a value of 0.	(Oussii & Boulila Taktak, 2018)
3	Audit Tenure	AT	The Audit Tenure variable is measured by the length of the engagement period between the auditor and the auditee related to the use of audit services that have been agreed upon continuously without any change with other auditors.	(Abdillah et al., 2019)
Panel B: Company Characteristics				
4	Effectiveness of the Audit Committee	EAC	The Effectiveness of the Audit Committee variable is measured by summing the scores from the effectiveness index. This index comprises four elements: composition, authority, resources, and diligence, which are further divided into ten requirements. A higher score indicates a more effective audit committee.	(DeZoort et al., 2002)
5	Financial Condition	ZFC	The variable for the company's financial condition is measured using the Zmijewski Model. The Zmijewski Model is based on several financial ratios: return on assets (ROA) (net income/total assets), financial leverage (total debt/total assets), and liquidity (current assets/current liabilities). The formula for the Zmijewski Model is as follows: $ZFC = -4.336 - 4.513\ (ROA) + 5.679\ (FINL) + 0.004\ (LIQ)$.	(Habib & Bhuiyan, 2011)

6	Company Accounting Complexity	COM	The accounting complexity variable is measured using a dummy variable. If a company reports more than one primary segment, it is assigned a score of 1; conversely, if the company only reports one primary segment, it is assigned a score of 0.	(Ariyani & Budiartha, 2014)
7	Profitability	ROA	ROA = Net income/Total assets	(Abdillah et al., 2019)

This research employs the multiple linear regression analysis method for hypothesis testing. The multiple linear regression analysis method is used to test hypotheses to understand how independent variables influence the dependent variable. The regression model used in this study is as follows:

$ARLi,t = \alpha + \beta 1ATi,t + \beta 2BIGi,t + \beta 3EACi,t + \beta 2ZFCi,t + \beta 3COMSi,t + \beta 4ROAi,t + \varepsilon i,t$

Explanation:
ARL = Audit Report Lag
AT = Audit Tenure
BIG4 = Auditor Reputation (Big 4)
EAC = Effectiveness of Audit Committee
ZFC = Financial Condition of the Company
COM = Complexity of Company Accounting
ROA = Profitability
ε = Error

RESULTS AND DISCUSSIONS

Descriptive Statistics

The descriptive statistical analysis provides an in-depth overview of the characteristics of each variable focused on in this study. This analysis presents descriptive statistics for each variable, including the mean, standard deviation, minimum value, and maximum value. This information aids in understanding the distribution and variation of the data, as well as the characteristics of each variable under study, as shown in Table 2.

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
ARL	128	99.836	49.320	42	419
ZFC	128	8.423	43.720	-5.695	249.442
ROA	128	-0.095	0.907	-7.884	4.776
AT	128	2.641	1.804	1	10
BIG4	128	0.242	0.430	0	1
EAC	128	8.133	1.523	4	11
COM	128	0.789	0.410	0	1

From Table 2, it can be observed that the Audit Report Lag (ARL) variable exhibits considerable variation in the time required to compile audit reports, with an average of around 99.836 and a standard deviation of 49.320. The range of values between 42 and 419 indicates significant variation. Additionally, the Financial Condition of the Company (ZFC) variable shows an average of approximately 8.423 with relatively high variability, reflected in a standard deviation of 43.720. The range of values from -5.695 to 249.442 indicates substantial variation in the company's financial condition. Meanwhile, the Profitability variable (ROA) has an average of about -0.095, indicating significant variation in the level of company profitability, with a standard deviation of 0.907. The Audit Tenure (AT) variable has an average of around 2.641 years, with significant variation reflected in a standard deviation of 1.804. The Auditor Reputation (BIG4) variable indicates that around 24.2% of observations have Big 4 Public Accounting Firms, showing considerable variation. The Effectiveness of the Audit Committee (EAC) has an average of approximately 8.133, with limited variability reflected in a standard deviation of 1.523. Meanwhile, the Complexity of Company Accounting (COM) variable indicates that around 78.9% of observations have a level of company accounting complexity of 0, with limited variation.

Correlation Matrix

The correlation matrix is used to assess the potential multicollinearity in a regression model by examining the correlation levels among independent variables. In this test, specific attention is given to the correlation values among variables, which can indicate the presence of multicollinearity issues. If the correlation values among variables exceed a certain threshold, such as 0.8 or -0.8, it signifies potential multicollinearity problems that may impact the interpretation of regression results. The correlation results can be observed in Table 3.

Table 3. Correlation Matrix

	ARL	ZFC	ROA	AT	RA	EAC	COM
ARL	1						
ZFC	0.126	1					
ROA	-0.393	-0.262	1				
AT	-0.033	0.150	-0.215	1			
BIG4	-0.138	-0.138	0.098	-0.110	1		
EAC	-0.131	-0.022	0.177	0.018	0.419	1	
COM	0.039	0.119	-0.035	0.025	-0.065	-0.094	1

Table 3 shows the results of the multicollinearity test using the correlation matrix among variables, and it does not exceed the common limits, indicating the absence of serious multicollinearity problems (usually above 0.8 or -0.8) in this study. Firstly, Audit Report Lag (ARL) has a weak positive correlation with the Financial Condition of the Company (ZFC) at 0.126, indicating a slight relationship between the time taken to prepare audit reports and the company's financial condition. The Financial Condition of the Company (ZFC) variable also shows a negative correlation with Return on Assets (ROA) at -0.262, indicating that good financial conditions may be associated with lower profitability.

Furthermore, Return on Assets (ROA) shows a quite strong negative correlation with ARL (-0.393) and a positive correlation with the Financial Condition of the Company (ZFC) (-0.262). This illustrates that companies with high profitability tend to have faster ARL and good financial conditions. Although the Audit Tenure (AT) does not show a strong correlation with other variables, there is a small positive correlation with Return on Assets (ROA) at -0.215, indicating a weak relationship between the auditor's tenure and the level of profitability. Auditor Reputation (BIG4) does not show significant correlation with other variables, while the Effectiveness of the Audit Committee (EAC) has a positive correlation with Auditor Reputation (BIG4) at 0.419. This indicates that companies with an effective audit committee may be more inclined to engage Big 4 Public Accounting Firms as their auditors. Lastly, the Complexity of Company Accounting (COM) does not show a strong correlation with other variables, but there is a small positive correlation with the Effectiveness of the Audit Committee (EAC) at -0.094..

Regression Results

This study examines the role of External Auditor (Auditor Reputation, Audit Tenure) and Company Characteristics (Audit Committee Effectiveness, Company Financial Condition, Company Accounting Complexity, Profitability) on audit report lag. The research analysis utilizes multiple regression analysis with a fixed effect model. The results of the regression tests can be observed in Table 4.

Table 4. Regression Results

	(1) ARL	(2) ARL	(3) ARL
AT	-12.04***		-7.124**
	(-3.21)		(-2.45)

BIG4	33.21		32.62
	(1.23)		(1.65)
EAC		0.446	1.388
		(0.08)	(0.27)
ZFC		-1.870***	-1.761***
		(-9.16)	(-8.75)
ROA		-9.410**	-10.42***
		(-2.45)	(-2.80)
COM		-17.17	-7.734
		(-0.93)	(-0.42)
_cons	123.6***	124.6***	119.4***
	(9.85)	(2.71)	(2.69)
r2	0.114	0.500	0.546
N	128	128	128

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 4 presents the results of the regression analysis regarding the factors influencing Audit Report Lag (ARL). Firstly, the Audit Tenure (AT) demonstrates a significant negative influence on ARL. This result indicates that the longer the Public Accounting Firm (KAP) has been working with a company, the faster the process of compiling audit reports. Furthermore, the Auditor Reputation from the Big 4 Public Accounting Firms (BIG4) shows a positive coefficient, although not significant at a certain confidence level (p-value > 0.05). Nevertheless, this result suggests a tendency that the presence of Big 4 Public Accounting Firms may have a positive impact on ARL. The Effectiveness of the Audit Committee (EAC) does not show a significant impact on ARL at a significance level of 0.05, even though the positive coefficient indicates that an improvement in the audit committee's effectiveness may slightly increase ARL. On the contrary, the Financial Condition of the Company (ZFC) and Profitability (ROA) demonstrate a significant negative impact on ARL. This means that the better the company's financial condition and the higher its profitability, the faster the process of compiling audit reports.

Meanwhile, the Complexity of Company Accounting (COM) does not have a significant impact on ARL at a certain confidence level (p-value > 0.05). Nevertheless, the negative coefficient values suggest a tendency that the more complex the company, the ARL may be slightly slower. These results provide a foundation for further discussion and potential further research to better understand the complexity of company accounting and its impact on the audit process. Overall, this regression model is able to explain approximately 54.6% of the variation in ARL (R-squared: 0.546), providing a relatively high level of accuracy in predicting ARL based on the factors examined.

Discussion

Audit Tenure

The analysis results indicate that the Audit Tenure (AT) has a significant negative impact on Audit Report Lag (ARL). This finding suggests that the longer the Public Accounting Firm (KAP) works with a company, the faster the process of compiling audit reports. This may be attributed to the high level of understanding and familiarity that the KAP develops with the company's structure and operations, enabling them to prepare audit reports more efficiently. The research is consistent with Dao and Pham (2014) as audit tenure has a negative impact on ARL, thus supporting hypothesis 1.

Reputation of Big 4 Audit Firm

The research findings indicate that the reputation of auditors from the Big 4 Public Accounting Firms (BIG4) does not have a significant impact. This suggests a tendency that the presence of Big 4 firms does not affect Audit Report Lag (ARL) significantly. Although Big 4 firms are known to have substantial resources and expertise, the lag in audit report issuance is more influenced by the complexity of the company's transactions, information availability, and external factors such as regulatory changes and market conditions. Furthermore, a good reputation may not directly accelerate the audit process if the company has an inefficient internal reporting or control system. The research results indicate that the reputation of the audit firm (KAP) does not have a significant effect on ARL, aligning with the findings of previous studies Abdillah et al., (2019); Rosharlianti (2021). Therefore, hypothesis 2 is rejected.

Effectiveness of the Audit Committee (EAC)

The results indicate that the Effectiveness of the Audit Committee (EAC) does not have a significant impact on Audit Report Lag (ARL). High effectiveness of the Audit Committee does not always exert a significant influence on the lag in audit report issuance. Although the Audit Committee plays a key role in overseeing the audit process, the speed of audit report issuance is more influenced by internal factors within the company, such as the complexity of financial transactions and information availability. While the effectiveness of the Audit Committee is crucial for ensuring the integrity and quality of the audit process, its direct impact on the speed of audit report issuance can vary and depends on the specific dynamics of each company. Therefore, hypothesis 3 is rejected.

Financial Condition of the Company (ZFC) and Profitability (ROA

The financial condition of the company (ZFC) and profitability (ROA) show a significant negative impact on Audit Report Lag (ARL). These findings indicate that the better the financial condition and the higher the level of profitability of the company, the faster the process of preparing the audit report. This may be because financially stable and more profitable companies can provide more organized and easily accessible financial data. The research results align with the studies conducted by (Kusumawardani, 2013);(Listiana & Susilo, 2012) and (Himawan & Venda, 2020). Therefore, hypotheses 4 and 6 are accepted.

Company Accounting Complexity (COM)

The Complexity of Company Accounting (COM) does not have a significant impact on Audit Report Lag (ARL). These results indicate that the level of complexity in company accounting does not significantly affect the speed of audit report preparation. This factor may be influenced by the extent to which the company's accounting system is set up to support the efficiency of the audit process. A company with an efficient internal reporting system and good controls may be able to navigate accounting complexity more swiftly. Conversely, a company facing constraints in this regard may experience an increased audit report lag. Therefore, while accounting complexity may pose additional challenges, its relationship to the time required to complete the audit and compile the audit report is contextual and can vary depending on the unique conditions of the company. Therefore, hypothesis 5 is rejected.

CONCLUSIONS

Based on the research findings, several significant factors influencing Audit Report Lag (ARL) in the context of this study have emerged. The length of tenure of the Public Accounting Firm shows a significant negative impact on ARL, indicating that the longer a PAF works with a company, the faster the audit report preparation process is conducted. The variables of Financial Condition of the Company (ZFC) and Profitability (ROA) have a significant negative impact on ARL, suggesting that companies with good financial conditions and high profitability tend to have a faster ARL.

On the other hand, the Effectiveness of the Audit Committee (EAC) does not show a significant impact on ARL, although there is a tendency that an increase in the effectiveness of the audit committee may slightly improve ARL. Auditor Reputation (BIG4) does not have a significant impact on ARL. Meanwhile, the Complexity of Company Accounting (COM) does not exert a significant influence on ARL at a certain confidence level. This research has limitations, namely, data coverage limitations may restrict the generalization of these findings to a specific company context. Additionally, qualitative aspects that may influence Audit Report Lag (ARL) have not been fully explored. For future research, it is recommended to expand data coverage, involve more industry sectors, and integrate qualitative dimensions for a deeper understanding of the factors influencing ARL.

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