THE EFFECT OF PROFITABILITY, LEVERAGE, AND COMPANY SIZE ON AUDIT REPORT LAG

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Abstract. The objective of this research is to identify whether profitability, leverage, and firm size influence audit report lag. The data of this quantitative study was harvested from documents obtained from consumer goods manufacturing companies listed on the Indonesia Stock Exchange during the 2021-2023 period. The results of the analysis indicate that profitability and leverage negatively affect audit quality and that firm size does not influence the audit report lag. Keywords: audit report lag, profitability, leverage, company size.

Keywords: Audit Report Lag, Profitability, Leverage, Company Size

I. INTRODUCTION

The capital market is a system that involves several important aspects, including public offering activities of stocks and bonds and securities trading in the secondary market. The capital market also has a role in creating income equality by involving investors from various levels of society in the circulation of capital (Melda et al., 2020). This provides opportunities for the wider community to participate in economic growth and benefit from their investments. In achieving this goal, investors have a need to obtain accurate and complete information about the company they will invest in. One of the main sources of information used is the financial statements provided by company management. These financial statements provide an overview of the company's financial performance and condition, and assist investors in making smarter and more informed investment decisions.

According to the Statement of Financial Accounting Standards (PSAK) No. 1 of 2022 Paragraph 9 describes the meaning of financial statements which reads financial statements are a structured presentation of the financial position and financial performance of an entity. The purpose of financial statements is to provide information about the financial position, financial performance, and cash flows of the entity that is useful for most users of financial statements in making economic decisions. Financial statements also show the results of management's accountability for the use of resources entrusted to them. One of the responsibilities that must be fulfilled by companies that have gone public is to provide financial reports regularly and on time. Regarding the obligation to submit financial reports on time, this is regulated in Law Number 8 of 1995 concerning the capital market which states that companies listed on the capital market must periodically disclose financial reports to the public regarding material events. Financial Services Authority Regulation (POJK) Number 29/POJK.04/2016 regarding the annual report of issuers or public companies, states that the annual report must be submitted to the Financial Services Authority no later than the end of the fourth month after the financial year ends. In addition, violations of these regulations will be subject to sanctions.

Timeliness in the audit process reflects the level of professionalism of the auditor itself. An auditor who is able to complete the audit on time shows that they have sufficient skills, knowledge and experience to manage the audit efficiently. In addition, timeliness also reflects the quality of the auditor's time management and organization. When the audit process is completed on time, the company has the opportunity to publish its financial statements to the public faster. However, on the contrary, if the audit process is delayed, this is known as the audit report lag. Audit report lag is the period of time required by an auditor to complete the audit process. In other words, the audit report lag here is defined as the number of days between the end of a company's financial year period and the time the audited financial statements are signed as the end of the field audit process carried out according to work standards (Mu'afiah, 2020).

In fact, there are still several companies that experience delays in submitting their annual reports. The phenomenon of audit report lag also occurs in food and beverage consumer goods industry companies. The higher the audit report lag, the more delayed the financial statements are published. Based on data obtained from the idx.co.id page, there are several food consumer goods industry companies that are late in submitting their financial reports. Here are examples of some companies that are late in submitting financial reports:

Table 1. Food & Beverage Consumer Goods Industry that Experienced Delays

No.	Company Code	Year of Delay
1	ENZO	2022
2	WMPP	2023
3	WMUU	2023
4	ALTO	2023
5	FISH	2023

There are various factors that can affect audit report lag, one of which is profitability. Profitability refers to the capacity of a company to generate profits in relation to sales volume, total assets, and own capital. It is an indicator that measures overall effectiveness, reflected in how much profit is generated relative to sales and investment. This can be seen from the profit earned from sales and investment income (Widyastuti & Zulaikha, 2022). Profit or loss reporting is often considered good news or bad news related to managerial performance. A high level of profit will reflect a high level of profitability as well. If managerial performance indicators show good news, companies will be more inclined to immediately convey the good news to investors and other independent parties. Conversely, when a company reports a loss, they may tend to delay the reporting by asking the auditor to extend the audit time than usual.

Leverage is also one of the factors that can have an impact on audit report lag. Cashmere (2022: 154) defines leverage as a ratio that measures the extent to which a company's assets are financed with debt. A company that has a high leverage ratio means that the company is doing high funding from debt. Due to the risk of default, the costs that must be incurred by the company are also getting bigger. This can cause low company profitability (Sutama & Lisa, 2018). Stable company finances will shorten the audit report lag which has an impact on the timeliness of the publication of financial reports to the public (Handayani et al. 2022).

Company size is also a factor that can affect audit report lag. Company size refers to the parameters used to classify companies based on various aspects such as total assets, stock market capitalization, number of employees, and others. In general, company size is divided

into three main categories, namely large firms, medium size firms, and small firms (Pattinaja & Siahainenia, 2020). Companies with large total assets tend to complete audit reports faster than companies with small total assets. This is due to the presence of more human resources, accounting staff, and sophisticated information systems in large companies. In addition, large companies also have a strong internal control system, which allows them to complete audit reports quickly and efficiently (Alfiani & Nurmala, 2020).

Research conducted by Fujianti & Satria (2021) states that the profitability variable has a significant negative effect on audit report lag. This means that the higher the profitability, the slower the audit report lag. Meanwhile, the leverage variable and company size have a significant negative effect on audit report lag. This means that the larger the company and leverage, the shorter the audit report lag. Based on some of the previous research, it can be seen that there has been inconsistency in whether each variable really affects the audit report lag variable. Therefore, researchers are interested in testing again by proving whether it can support previous research or vice versa.

This study is a replication of previous research conducted by Fujianti and Satria (2020) which aims to analyze the effect of profitability, leverage, and company size on audit report lag. This study was conducted with the aim of re-examining the results of previous studies in different time periods and the scope of research objects that are more specific and homogeneous to reduce the possibility of bias or influence from the type of manufacturing industry studied, where previous studies used manufacturing companies in general as research objects while this study used manufacturing companies in the food and beverage consumer goods industry sub-sector.

Based on this background description, the researcher wants to raise a study entitled "The Effect of Profitability, Leverage, and Company Size on Audit Report Lag (Empirical Study of Manufacturing Sector Companies in the Food and Beverage Consumer Goods Industry Subsector Listed on the Indonesia Stock Exchange in 2021-2023)".

II. LITERATURE REVIEW

A. Agency Theory

According to the concept of agency theory described by Jensen and Meckling (1976), the contractual relationship between the principal (owner or authorizing party) and the agent (trust holder or party acting on behalf of the principal) occurs when the principal assigns the agent to perform a task or service.

B. Signaling Theory

Spence (1973) explains signalling theory, which states that by providing a signal, the sending party (i.e. the owner of the information) seeks to convey relevant information to the receiving party. The main advantage of this theory is that the timeliness of submitting financial reports to the public is a signal to the company about the existence of useful information for investors.

C. Audit Report Lag

According to Dyer & McHugh(1975) "*Auditors' report lag is the open interval of the number of days from the year end to the date recorded as the opinion signature date in the auditor's report*". Therefore, timeliness in the issuance of audit financial reports plays a very important role, especially for public companies that rely on the capital market as one of their main sources of funding. Abdulla(1996) states that the longer it takes to publish annual financial statements

after the end of the client company's financial year, the greater the likelihood that the information will be spread to certain investors or even trigger insider trading and speculation in the stock market. If this situation repeatedly occurs, it can disrupt the functioning of the market as a whole. The operational definition of *audit report lag* is as follows (Dyer & McHugh, 1975) :

$$Audit\ Report\ Lag = Tanggal\ Laporan\ Audit - Tanggal\ Laporan\ Keuangan$$

D. Profitability

Fahmi(2017) explains that profitability is an indicator that measures the extent of overall efficiency as reflected in the comparison between the level of profit earned and sales or investment. The same thing is also expressed by Agus(2010) that profitability is the ability of a company to generate profits *relative* to sales, total assets, and capital owned. In this study, profitability is proxied by *Return On Asset* (ROA), which this ratio measures the company's ability to generate profits based on a certain level of assets (Rochmah *et al.*., 2022)

$$ROA = \frac{Net\ Income}{Total\ Asset}\ X\ 100$$

E. Leverage

The *leverage* ratio or solvency ratio according to Kasmir (2019) is a ratio used to measure how much the company's assets are financed by debt. This ratio can also be interpreted as a comparison between the debt burden borne by the company and its assets. A figure below 0.1 indicates that the company does not have much debt, while a ratio of 0.5 indicates that its assets are twice its liabilities. *Leverage* is measured using the *debt to asset* ratio, where this ratio measures how much the company's assets are financed by debt (Kasmir, 2022). The liquidity of the company can also be seen through the use of this ratio.

$$Debt\ to\ Asset = \frac{Total\ Liability}{Total\ Asset}\ X\ 100$$

F. Company Size

According to Hery(2016) , company size is a parameter to categorize the size of a company, which can be measured by total assets, total sales, and other factors. The same thing is also stated by Dwiastuti and Dillak(2019) that company size is a value that indicates the size or size of a company in various ways, namely seen from total assets, total sales and market capitalization. Company size is measured by calculating total assets in the current year and applying the natural logarithm (LN) to that number (Witono & Yanti, 2019) .

$$Size = Ln\ (Total\ Aset)$$

G. Research Framework

Sugiyono(2020) argues that the framework is a conceptual model that is used as a theoretical basis related to the factors in the study. According to him, a study needs a framework so that it can explain theoretically, and can explain the reasons for the relationship between variables. The framework for thinking in this study is:
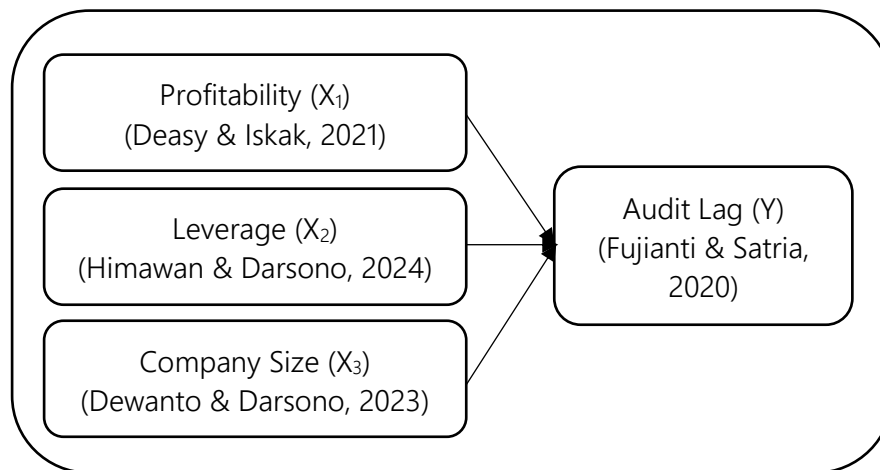
Agency Theory & Signalling Theory

Figure 1 Research Framework

H. Hypothesis Development

The Effect of Profitability on Audit Report Lag

Empirical evidence shows that profitability has a negative and significant effect on audit report lag by Himawan & Darsono (2024). Findings by Artaningrum and Wasita (2020) found a negative influence between profitability ratios and audit report lag. Likewise, the findings by Eleazar and Ratih (2020) state that there is a significant negative relationship between high profits and audit delays.

The profitability ratio in this study assumes that the higher the profitability, the shorter the audit delay. This is in line with signal theory which states that good quality companies will deliberately signal to the market, so that it is hoped that the market can distinguish between good and bad companies. Good financial performance, especially indicated by high profitability ratios, is good news for the company. According to signal theory, companies that have good news will timely submit their financial reports (Elvienne & Apriwenni, 2019). Therefore, based on the description of the profitability ratio and its effect on audit report lag, the hypothesis formulation in this study is as follows:

H1: Profitability has a negative effect on audit report lag.

The Effect of Leverage on Audit Report Lag

Companies with high levels of leverage often face greater risks, especially regarding the financial obligations that must be met. This can cause auditors to need to perform additional procedures to assess the risks associated with high debt, thus extending the time it takes to complete the audit process. Thus, the higher the level of leverage of a company, the more complex the financial statements that must be audited, which in turn can cause delays in audit completion.

Empirical evidence found that leverage has a positive and significant effect on the audit delay process by Annisa and Sartika (2021). Research by Rudangga & Sudarta (2016) states that there is a significant positive effect between leverage and audit report lag. Thus, the following hypothesis can be formulated:

H2: Leverage has a positive effect on audit report lag.

The Effect of Company Size on Audit Report Lag

Empirical evidence shows that company size has a significant negative effect on audit report lag by Prabowo & Zulfikar (2022). Another finding by Dewanto & Darsono (2023) states that company size has a significant negative effect on audit report lag, which means that the larger the size of the company, the faster the audit process. Likewise with empirical evidence by Pratiwi et al. (2020) which found that the variable known to affect audit report lag is company size which is negative and significant.

The size of the company in this study is assumed that the larger the scale of the company, the shorter the audit delay. The management of large-scale companies is often incentivized to reduce audit delays. This happens because large companies are usually closely monitored by investors, capital market regulators, and the government. In an effort to maintain their reputation and credibility in the market, large companies have a greater need to ensure the regularity and quality of their financial reports. According to signaling theory, companies tend to report their financial statements more quickly if they have good news or positive information about their performance. By having large total assets and strong internal controls, large companies can signal to the market that they have solid and reliable performance. Therefore, the larger a company is, the shorter the audit report lag will be (Elvienne & Apriwenni, 2019). H3: Company size has a negative effect on audit report lag.

III. RESEARCH METHODOLOGY

A. Type of Research

This study uses a quantitative approach with an associative type of research, namely research that aims to test the relationship and influence between two or more variables. The quantitative approach is based on the philosophy of positivism and the data used is numerical data that can be analyzed statistically to draw objective conclusions about the relationship between variables (Sugiyono, 2020).

B. Research Object

The object of this research is the Manufacturing sector companies in the food and beverage consumer goods industry subsector listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. The population in this study includes all companies in the subsector, while the sample is part of the population that meets certain criteria according to the researcher's judgment. The sample selection was carried out using purposive sampling technique, which is a method of determining the sample based on certain considerations that are relevant to the research objectives, such as the availability of complete financial reports during the observation period.

C. Data Source and Collection Method

This study uses secondary data obtained from the company's financial statements published on the official website of the Indonesia Stock Exchange (IDX). The data collected is information related to profitability, leverage, company size, and *audit report lag* as the variables being analyzed. The data collection process is carried out through documentation studies by accessing data sources from www.idx.co.id.

D. Data Analysis Technique

Data analysis in this study uses multiple linear regression analysis to determine the effect of each independent variable on the dependent variable. Before conducting regression testing, a series of classical assumption tests were first carried out which included normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test to ensure the feasibility of the regression model. The regression equation used in this study is:

$$Y = a + b_{(1)} X_{(1)} + b_{(2) X(2)} + b_{(3)} X_{(3)} + e$$

Description:

Y   : Audit Report Lag Variable

X_1 : Profitability

X_2 : Leverage

X_3 : Company Size

a   : Constant

$b_{1,2,3}$: Independent variable regression coefficient

e   : standard *error*

IV. RESULT AND DISCUSSION

A. Descriptive Statistics

Based on Table 2, the average ROA is 0.089, which means that on average, each rupiah of assets generates a profit of 0.089. The calculated range of ROA is from 0.003 to 0.313. This indicates a modest variation in the profitability of the companies studied. The standard deviation of 0.06 indicates that the ROA data is rather small, meaning that the profitability of the companies in the sample is not diverse. The average leverage is 0.39. This indicates that the average company is able to manage its debt quite well. The range of company sizes is quite large, from 21,242 to 32,860. The relatively low standard deviation (2.0176) indicates that the size of the companies in the sample does not vary too much. In general, it can be concluded that there is no considerable variation in profitability (ROA) and audit report lag. The size of the companies in the sample tends to be uniform.

Table 2. Validity and Reliability Test Results

Variable	N	Min.	Max.	Mean	Std. Dev.
ROA	78	,000	,313	,08997	,068811
Leverage	78	,000	,972	,39441	,242630
Company Size	78	21,242	32,860	28,52937	2,025428
Audit Report Lag	78	53	129	84,45	16,633
Valid N (listwise)	78				

Source: Primary Data Processing (2024)

B. Normality Test

Table 3. Normality Test Results

Normality Test	ROA	*Leverage*	Company Size	*Audit Report Lag*
Asymp. Sig. (2-tailed)	,200	,200	,200	,200

Source: Primary Data Processing (2024)

The Kolmogorov-Smirnov test results show that the sig value is 0.2. Referring to Cronbach's Alpha (0.05), the sig value is greater than 0.2>0.05. Thus it can be concluded that the research data follows a normal distribution. That is, the assumption of data normality is met.

C. Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Model		Sig.
1	(Constant)	,504
	ROA	,352
	Leverage	,375
	Company Size	,833

Source: Primary Data Processing (2024)

The significance value in the three variables exceeds the alpha (α) value of 5%. This indicates that there is no strong enough evidence to suggest heteroscedasticity. This means that the variance of the residuals can be assumed to be constant.

D. Multicollinearity Test

Table 5. Heteroscedasticity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	ROA	,948	1,055
	Leverage	,939	1,065
	Company Size	,990	1,010
a. Dependent Variable: *Audit Report Lag*			

Source: Primary Data Processing (2024)

The VIF value in the table above is less than 10. The commonly used threshold limit to indicate the presence of multicollinearity is a VIF value above 10. At the same time the overall tolerance value is above 0.1. A commonly used threshold limit to indicate the absence of multicollinearity is a tolerance value above 0.1. Since the VIF and tolerance values for all independent variables (ROA, Leverage, and Company Size) are within acceptable limits, it can be concluded that there is no very high correlation between the independent variables. In other words, there is no significant multicollinearity in the regression model.

E. Autocorrelation Test

Table 6. Heteroscedasticity Test Results

Model	Durbin-Watson
1	1,770

Source: Primary Data Processing (2024)

Based on the results of the autocorrelation test, the DW value obtained is 1.770. This value is outside the range between the lower limit (1.395) and the upper limit (1.557). Since the DW

value is outside the two ranges, it can be concluded that there is no significant evidence of either positive or negative autocorrelation in the regression model.

F. Multiple Linear Regression Analysis

The regression equation used in this study is as follows:

$$Y = 133.775 + -78.582\ X1 + -26.770\ X2 + -1.111\ X3 + e$$

The interpretation of the regression equation above can be seen as follows:

α: The constant value of 133.775 indicates that if all independent variables (Profitability, Leverage, and Company Size) are zero, then the Audit report lag is predicted to be 133.775.

β1: The negative regression coefficient value of the Profitability variable of -78.582 indicates that the more profitability increases, the more Audit Report Lag decreases.

β2: The negative regression coefficient value of the Leverage variable of -26.770 indicates that the greater the company's debt to asset ratio, the shorter the Audit Report Lag.

β3: The negative regression coefficient value of the Company Size variable of -1.466 indicates that the more the company size increases, the shorter the Audit Report Lag.

Table 7. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	133,775	23,763	5,630	,000
	ROA	-78,582	25,411	-3,092	,003
	Leverage	-26,770	7,114	-3,763	,000
	Company Size	-1,111	,847	-1,311	,194

Source: Primary Data Processing (2024)

G. Coefficient of Determination

Table 8. Coefficient of Determination

Model	R	*R Square*	*Adjusted R Square*
1	,498	,248	,218

Source: Primary Data Processing (2024)

Based on the results of the coefficient of determination test or adjusted R square illustrated in the table, it discusses the regression model with independent variables such as profitability, leverage, and company size in explaining the dependent variable, namely audit report lag of manufacturing companies in the food and beverage consumer goods industry sector listed on the Indonesia Stock Exchange from 2021 to 2023 of 0.218 or 21.8%. The remaining 78.2% is determined by other variables not examined in this study.

H. Partial Test (t Test)

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Table 9. Partial Test (t Test)

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	133,775	23,763	5,630	,000
	ROA	-78,582	25,411	-3,092	,003
	Leverage	-26,770	7,114	-3,763	,000
	Company Size	-1,111	,847	-1,311	,194

Source: Primary Data Processing (2024)

Based on the data processing output above, there are 3 partial test results that explain the effect of each of the 3 independent variables on the dependent variable. The interpretation of the influence of these variables can be explained as follows:

1. The significance value of the Profitability variable (X1) is 0.003 <0.05, which means that Ha is accepted so that profitability has a significant effect on audit report lag (Y) of manufacturing companies in the consumer goods industry sector, food and beverage sub-sector for the period 2021-2023.
2. The significance value of the Leverage variable (X2) is 0.000 <0.05, which means that Ha is accepted so that Leverage has a significant effect on audit report lag (Y) of manufacturing companies in the consumer goods industry sector of the food and beverage sub-sector for the 2021-2023 period.
3. The significance value of the Company Size variable (X3) is 0.194>0.05, which means that Ha is rejected so that company size has no significant effect on audit report lag (Y) of manufacturing companies in the consumer goods industry sector, food and beverage sub-sector for the period 2021-2023.

I. Discussion
Effect of Profitability on Audit Report Lag

In accordance with the research results, the significance value of the profitability variable of 0.003 in this study indicates that profitability has an effect on audit report lag. This is in line with research conducted by Yuyanti & Mulya (2020) which states that profitability affects audit report lag. The greater the company's ability to generate profits, the shorter the audit process will be and vice versa. Similar research conducted. Similar research conducted by Deasy & Iskak (2021) and Utomo (2019),

However, this research is not in line with previous research conducted by Tamba & Sipahutar (2019) which states that the company's ability to generate profits based on its assets does not have a significant effect on the submission of audited financial statements. The audit process of companies that have a low level of profitability is no different from the audit process of companies with a high level of profitability, the arena of companies with high or low profitability will tend to speed up the audit process.

High profitability is always good news for companies because this is a sign that the company has been doing its business quite well. High profitability also provides an overview for potential investors regarding the condition and stability of the company. This can be explained through Signalling Theory which implements that companies as much as possible will convey relevant signals to stakeholders, so that high company profitability is considered to be a good signal.

In addition, there are provisions regarding the limit of submission of financial statements written in Provision II.6.3. Exchange Regulation No. I-H regarding Sanctions which stipulates that the Exchange will impose a Written Warning III and an additional fine of Rp 150,000,000, if starting from the 61st calendar day until the 90th calendar day since the deadline for submitting the Financial Statements has passed, the Listed Company still does not fulfill the obligation to submit Financial Statements or submit Financial Statements but does not fulfill the obligation to pay the Written Warning II fine. This provision is one of the reasons why companies submit financial reports as soon as possible to avoid sanctions imposed by the Financial Services Authority.

The Effect of Leverage on Audit Report Lag

In accordance with the research results, the significance value of the leverage variable in this study is 0.000. This implies that leverage has an effect on audit report lag. This is in line with previous research conducted by Chrystalia et al. (2023). The greater the company's leverage, the more careful and thorough the audit process must be, thereby extending the audit report lag. Similar research conducted by Sari (2022), Nurmalina (2023) and Pratiwi (2018) also states that leverage has a negative effect on audit report lag. Despite having a higher proportion of debt, companies must still submit financial reports on time. This is because the financial statements will be used by several parties, such as creditors and potential investors.

When companies have a high level of leverage, auditors may be more careful in conducting audits due to the greater risks associated with financial obligations that must be met. High debt can increase the complexity of financial statements and require additional time to ensure that all obligations have been recorded correctly and in accordance with applicable accounting standards. In addition, highly leveraged companies may face pressure to meet stakeholder expectations, which may cause auditors to perform additional procedures to ensure the accuracy and appropriateness of the financial statements. As a result, all these factors may lead to an acceleration of the audit process. This can be attributed to signaling theory. Although high leverage can be interpreted as an unfavorable signal, with faster publication of financial statements, potential investors will get a clearer picture of the company's financial condition. Companies that have high leverage also have a more structured business operational flow structure on average, making it easier for auditors to carry out the audit process.

This research is not in line with research conducted by Gantino & Susanti (2019) which states that leverage has no effect on audit report lag, so that whatever obligations are paid by a company will not significantly affect the period for submitting audited financial reports.

Effect of Size on Audit Report Lag

In accordance with the research results, the significance value of the company size variable in this study is 0.194. This implies that profitability has no effect on audit report lag. This is in line with previous research conducted by Marina et al. (2021) and Pratiwi & Suwarno (2024). Because, each company has an internal control system that differs from one to another, although there is a tendency for large companies to have a more adequate internal control system, so that the audit process can be carried out more quickly. Similar research conducted by Pattinaja (2020) also states that company size has no effect on audit report lag. This is because a company that is getting bigger means that it has a good control system, so that it can reduce the level of error in submitting financial statements.

Company size proxied by the natural logarithm of total assets does not turn out to be a determining factor in speeding up or slowing down the audit process. The results of the study show that the size of the company's assets does not affect the length of time it takes to complete the audit, which contradicts the signaling theory. According to signaling theory, large companies with many assets should give positive signals to the market and external parties about their financial stability and transparency, so they should face longer audits than small companies. However, these results show that the pressure to deliver financial statements on time is the same for both large and small businesses. This suggests that company size does not necessarily reflect efficiency in financial statement preparation or audit readiness, therefore, the company size variable does not have a significant impact on audit delay.

Large and small companies can have different complexities in their financial statements, but those complexities do not necessarily correlate with size. Large companies may have a more structured accounting system and more resources to handle the audit process, so they can complete the audit more efficiently. On the other hand, small companies may have simpler processes, but a lack of resources may cause delays. In addition, auditors may be familiar with the characteristics and risks associated with companies of different sizes, so there is no significant difference in the time required to complete the audit.

Although large companies may have more resources to prepare financial statements, the complexity of their operations can offset this advantage, so the end result is the same as smaller companies in terms of audit speed (Rajaguguk, 2019). The results of this study are not in line with research conducted by Fujianti & Satria (2020) which states that company size has a negative effect on audit report lag so that the larger the company, the smaller the audit report lag.

V. CONCLUSION

These findings indicate that companies that have higher profitability, as measured by Return on Asset (ROA), tend to be able to complete the audit process more quickly. This may be due to a better and more efficient internal control system, which allows auditors to more easily verify and assess the financial statements. On the other hand, leverage, as measured by Debt to Asset Ratio (DAR) shows the opposite result of the hypothesis. This implies that there is a possibility that companies with higher debt levels have a more structured business operational flow, resulting in a shorter audit process. Meanwhile, company size represented by the natural logarithm of total assets does not show a significant effect on audit report lag. This indicates that company size, although often considered an important factor in various business contexts, is not always directly related to time efficiency in the audit process.

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