

# **THE EFFECT OF AUDIT TENURE, COMPANY SIZE, FINANCIAL DISTRESS, AND AUDIT OPINION ON AUDIT REPORT LAG**

Cornelia Dina Diyaswati<sup>1</sup>, Roekhudin<sup>2</sup>

<sup>1,2</sup>*Accounting Department, Faculty of Economics and Business, University of Brawijaya, Indonesia*

**Abstract.** The purpose of this study was to examine the effect of audit tenure, company size, financial distress, and audit opinion on audit report lag. The population of this study includes property and real estate companies listed on the Indonesia Stock Exchange in 2021-2023. The sampling technique used purposive sampling method, so that a sample of 67 companies was obtained. The data collected and processed is a panel data model. Hypothesis testing in this study using multiple linear analysis. The test results show that audit tenure and audit opinion have a negative effect on audit report lag. On the other hand, company size and financial distress have no effect on audit report lag. This study implies that the length of the audit engagement will shorten the audit report lag, and affect auditor independence, so companies need to pay attention to audit rotation. In addition, auditors need to emphasize the efficiency of the audit process, especially in handling companies with high risk.

**Keywords:** Audit Tenure, Company Size, Financial Distress, Audit Opinion, Audit Report Lag

## I. INTRODUCTION

Financial reports describe the financial condition and performance of a company. According to Rochmah in Wahyuningsih & Melania (2024) financial reports will be more useful if submitted in a timely manner. Timeliness is part of the relevance of information which is very important to maintain market integrity and efficiency (Gulec in Reny & Tanuwijaya, 2022). Companies listed on the Indonesia Stock Exchange are required to submit annual audited financial statements. The financial statements will be published after the audit process is complete. The lengthy audit process causes delays in the issuance of audit financial reports, resulting in delays in the submission of audited financial reports. This is called audit report lag, which is the time difference between the end of the financial year (December 31) and the date of issuance of the audit opinion (Pratiwi & Suwarno, 2024).

Financial Services Authority (OJK) regulation number 29/POJK.04/2016 regulates that audited financial reports must be submitted no later than 120 days after the end of the financial year. In 2022 there was a change in the regulation with number 14/POJK.04/2022 which states that audited financial reports must be submitted no later than 90 days after the end of the financial year. However, there are still many companies that do not fulfill this obligation. Data from the Indonesia Stock Exchange (IDX) shows that in 2021 there were 91 companies that were late in submitting audited financial statements, in 2022 there were 61 companies, and it increased to 129 companies in 2023. This non-compliance triggers sanctions from the IDX including fines and suspensions.

There are cases related to companies that have not submitted audited financial reports according to the specified deadline, one of which is PT Hanson International Tbk (MYRX). This

delay was caused by the confiscation of a large number of company documents and files by the prosecutor's office related to the corruption case of MYRX's managing director. The confiscation of company documents and files resulted in the audit process not being able to run so that the audited financial statements could not be submitted to the public in a timely manner ([www.cnbcindonesia.com](http://www.cnbcindonesia.com)).

A similar case also occurred at PT Bakrieland Development TBK (ELTY), which was late in submitting its 2019 financial statements and suffered a loss of 369.73 billion (Rahayu, Khikmah & Dewi, 2021). As a result of the delay in submitting the 2019 financial statements, PT Bakrieland Development TBK (ELTY) was sanctioned by the Indonesia Stock Exchange in the form of a fine of 150 million and suspension since July 1, 2019. This is in accordance with information reported from ([www.idxchannel.com](http://www.idxchannel.com)).

According to Syachrudin & Nurlis cited by Bagaskara, Petrol & Hera (2023) the delay in submitting audited financial reports can damage investor confidence because it is considered a bad signal regarding the quality of company management and the relevance of the information submitted. The length of time the company submits audited financial reports causes investors to hesitate and be less interested in investing their funds in the company (Indriani & Wahyono, 2021).

Several factors that influence audit report lag include audit tenure, company size, financial distress, and audit opinion. Audit tenure, which is the length of the auditor's working relationship with the client, can speed up or slow down the audit process depending on the auditor's understanding of the client's business. However, the results of previous studies show varying results regarding this variable. Likewise with company size, although large companies have better resources, research results show differences in the effect on audit report lag. Financial distress, which reflects the company's financial difficulties, often extends the audit report lag because it increases audit risk and financial statement manipulation. Audit opinion is also a factor studied because modified audit opinions often require a longer verification process.

The property and real estate sector is consistently the sector with the highest level of non-compliance in submitting audited financial statements, accounting for around 23% of the total companies that were late in the 2021-2023 period. Transaction complexity and financial pressures such as declining sales and funding difficulties are the main causes of the lengthy audit process. Based on the various differences in the results of previous studies and the high level of audit report lag in the property and real estate sector, this study was conducted to examine in more depth the effect of audit tenure, company size, financial distress, and audit opinion on audit report lag using the latest data until 2023. This research is expected to contribute to efforts to improve the timeliness of financial report submission and support higher quality business decision making.

## II. LITERATURE REVIEW

### A. Agency Theory

Agency theory proposed by Jensen and Meckling (1976) explains the relationship between the principal and the agent, where the agent is authorized to carry out the company's operations. However, because agents have more information, information asymmetry often occurs which triggers conflicts of interest. Agents can present financial reports that do not reflect actual conditions, so an external auditor is needed to provide an objective and

independent opinion. The existence of auditors helps reduce information asymmetry and increase trust in financial statements.

#### *B. Signaling Theory*

Signal theory proposed by Michael Spence (1973) explains that information asymmetry can be reduced through the delivery of signals, such as financial reports, to assist related parties in making decisions. Financial reports serve as a signal of company conditions that can influence investor decisions, where healthy companies tend to be more transparent. Timeliness in submitting financial reports is a positive signal regarding company accountability and transparency. Conversely, delays in reports due to the length of the audit process can be considered a negative signal by investors.

#### *C. Audit Report Lag*

Audit report lag is the time difference between the closing of the financial year and the date of publication of the audited financial statements, which reflects the duration of the completion of the audit process (Tambunan in Fitriana & Bahri, 2022). The timeliness of report publication is highly dependent on the auditor, where delays can reduce the relevance of information, reduce user confidence, and are influenced by factors such as limited resources, transaction complexity, and internal control weaknesses (Damayanti & Saputra, 2024).

#### *D. Audit Tenure*

Audit tenure is the length of the working relationship between the auditor or Public Accounting Firm (KAP) and the client in conducting financial statement audits (Sidauruk & Sagita, 2021). A long engagement period can increase the auditor's understanding of the client's business, thereby supporting the efficiency and timeliness of the audit process (Priyani & Badjuri, 2022). However, long-term relationships also risk reducing auditor independence, which can have an impact on the quality and timeliness of financial report submission (Shanti, Sudarmadi & Purwanti, 2023).

#### *E. Company Size*

Company size is an indicator that shows the size of the company's scale, which can be measured through total revenue, sales, or total assets (Effendi in Candra & Trisnawati 2021). Based on POJK No. 43 / POJK.04 / 2020, the company size classification is based on total assets, namely small ( $\leq$  IDR 50 billion), medium (IDR 50-250 billion), and large ( $>$  IDR 250 billion) companies. The larger the size of the company, generally the greater the resources and systems it has.

#### *F. Financial Distress*

Financial distress is a condition when a company is experiencing financial difficulties characterized by an inability to meet maturing obligations, and if not handled immediately it can lead to bankruptcy (Karina & Julianto, 2022). This condition has a negative impact not only on the company, but also on stakeholders such as employees, suppliers, and customers (Maryani & Handayani, 2024). Financial distress can be categorized into failure, inability to pay, bankruptcy, and default (Khoiriah & Kuntadi, 2023).

#### *G. Audit Opinion*

Audit opinion is a professional statement from an independent auditor regarding the fairness of the presentation of financial statements after the audit process is completed (Rimadani in Puspitasari & Sudjiman, 2022). Financial statements are considered fair if they are free from bias, errors, and disclose relevant information (Rahkmawati & Napisah, 2023). Audit opinion helps external users such as investors evaluate the company's financial performance

(Wijayanti in Muaqilah et al., 2021). Based on Auditing Standards (SA) 700 and 705, there are five types of opinions: unqualified, qualified, unqualified with an explanatory paragraph, unfair, and no opinion.

#### H. Research Framework

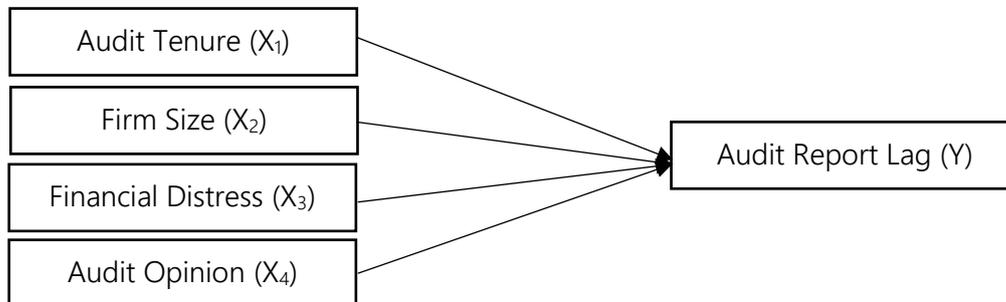


Figure 1 Research Framework

#### I. Hypothesis Development

##### The Effect of Audit Tenure on Audit Report Lag

Audit tenure is the duration of the auditor's engagement with the client in conducting a financial statement audit, where the longer the duration, the better the auditor's understanding of the client's business (Herawaty, 2020). Based on agency theory, auditors play an important role in reducing information asymmetry and conflicts of interest by providing an independent opinion on financial statements (Priyani & Badjuri, 2022). Repeated audit experience can improve audit efficiency and shorten audit report lag (Sijabat & Pangaribuan, 2023). Some studies show that audit tenure has a negative effect on audit report lag (Putri et al., 2025; Rusyana & Hasiprajitno, 2023), but there are also those that state that it has no effect (Rachman & Astri, 2024). Therefore, the proposed hypotheses are:

H1: Audit tenure has a negative effect on audit report lag.

##### The Effect of Company Size on Audit Report Lag

Company size reflects the size of the business as measured by total assets, sales, number of employees, and subsidiaries (Aristika et al. in Agustina & Jaeni, 2022), and shows the scale and complexity of operations. Based on agency theory, large companies are in the public spotlight, which encourages the implementation of a good internal control system, which can speed up the audit process and reduce audit report lag (Rachman & Astri, 2024). Companies with large assets tend to have a shorter audit duration than small companies (Prabowo & Zulfikar, 2024). Previous research shows different results, where Sunarsih et al. (2021) stated a positive effect, while Rachman & Astri (2024) and Prabowo & Zulfikar (2024) stated a negative effect on audit report lag. Based on this, the proposed hypothesis is:

H2: Company size has a negative effect on audit report lag.

##### The Effect of Financial Distress on Audit Report Lag

Financial distress is a condition when a company is experiencing financial difficulties so that it is unable to pay off its debts on time, which can lead to bankruptcy (Muniroh & Suharsono in Pah et al., 2023). Based on signal theory, this condition provides a negative signal about the company's performance, so management tends to improve financial reports to make them look attractive to investors, which can extend audit time (Khamisah et al., 2023). In addition,

financial distress increases audit risk, so auditors need to collect more evidence, which has an impact on extending the audit report lag (Widharma & Susilowati, 2020). Several studies, such as Prabowo & Zulfikar (2024) and Jehezkiel & Siagian (2022) state that financial distress has a positive effect on audit report lag, while research conducted by Wokas et al. (2024) which states that there is no effect. Therefore, the proposed hypothesis is:

H3: Financial distress has a positive effect on audit report lag.

#### The Effect of Audit Opinion on Audit Report Lag

Audit opinion is an independent auditor's opinion regarding the fairness of an entity's financial statements after the audit process, which must be supported by sufficient evidence (Mulyadi in Fu'adiyah et al., 2022; Priyani & Badjuri, 2022). An unqualified opinion is considered a positive signal and is usually published more quickly, while other opinions tend to delay the submission of reports because they require longer audit time, including additional discussions between auditors (Rakhmawati & Napisah, 2023; Latiefah & Handayani, 2024). Based on signaling theory, an unqualified opinion increases investor confidence (Uly & Julianto, 2022). Previous research by Pah et al. (2023), Priyani & Badjuri (2022), and Rozana & Winarningsih (2024) show that audit opinion has a negative effect on audit report lag. So, the proposed hypothesis is:

H4: Audit opinion has a negative effect on audit report lag.

### III. RESEARCH METHODOLOGY

#### A. *Type of Research*

This study uses a quantitative approach with numerical data analysis to test the hypothesis. Quantitative research is a scientific method that uses numerical data and statistical techniques to empirically test the hypotheses that have been proposed by researchers (Sekaran & Bougie, 2016). This study aims to test the hypothesis proposed empirically and provide an explanation of the phenomenon in the relationship between variables, namely audit tenure, company size, financial distress, and audit opinion with the dependent variable, namely audit report lag.

#### B. *Operational Definition and Variable Measurement*

##### Dependent Variable

The *audit report lag* variable is measured quantitatively as follows:

$$ARL = \text{Audit report date} - \text{Financial statement date}$$

##### Independent Variables

#### 1. Audit Tenure

Audit tenure is measured on an interval scale, where the numbers 1, 2, and 3 indicate the duration of the engagement between KAP and the company. The first year of the engagement is given the number 1, and increases every year if the auditor does not change. If the auditor is changed, the calculation is reset back to 1.

#### 2. Company Size

This study uses the natural logarithm measurement indicator (total assets) as a calculation of company size with the formula:

$$\text{Firm Size} = \ln(\text{Total asset})$$

### 3. Financial Distress

Financial distress is a condition when a company is in financial difficulty and unable to fulfill its obligations (Karina & Julianto, 2022). In this study, financial distress is measured using the Altman Z-Score:

$$Z = 6,56 \left( \frac{\text{Working Capital}}{\text{Total Asset}} \right) + 3,26 \left( \frac{\text{Retained Earnings}}{\text{Total Asset}} \right) + 6,72 \left( \frac{\text{EBIT}}{\text{Total Asset}} \right) + 1,05 \left( \frac{\text{Book Value of Equity}}{\text{Total Book Value}} \right)$$

The results of the Z-Score calculation can be categorized into the following zones:

- If the Z value < 1.1 indicates that the company is experiencing financial distress.
- If the value of 1.1 Z < 2.6 indicates the company is in the gray area.
- If the Z value > 2.6 indicates the company is not experiencing financial distress.

### 4. Audit Opinion

Audit opinion is an independent auditor's professional statement regarding the fairness of financial statements (Rimadani in Puspitasari & Sudjiman, 2022). In this study, audit opinion is measured by dummy variables, number 1 for unqualified opinion (WTP) and 0 for opinions other than WTP.

## IV. RESULT AND DISCUSSION

### A. Sample Characteristics

This study uses companies engaged in the property and real estate sector listed on the Indonesia Stock Exchange during the period 2021-2023. There are 67 companies that meet the sampling criteria and the total sample obtained is 201 companies which are taken using purposive sampling technique over a span of 3 years. The research sample collection stage is described in the following table:

Table 1. Sample Criteria Table

No	Sampling Criteria	Number
1	Property and real estate sector companies listed on the Indonesia Stock Exchange during the period 2021-2023	92
2	Property and real estate sector companies that did not provide the information needed in the study during the period 2021-2023	(5)
3	Companies that do not publish financial statements that have been audited by independent auditors during the 2021-2023 period	(20)
	Total	67

Source: Secondary Data Processing (2024)

*B. Descriptive Statistical Test*

Table 2. Descriptive Statistical Results

	Audit Tenure	Company Size	Financial Distress	Audit Opinion	Audit Report Lag
Mean	2.472637	28.46910	9.871144	0.940299	97.59204
Median	2.000000	28.36000	4.470000	1.000000	88.00000
Maximum	4.000000	32.61000	249.6300	1.000000	249.0000
Minimum	1.000000	24.22000	-13.22000	0.000000	55.00000
Std. Dev.	1.020048	1.690722	25.20118	0.237525	31.01536
Sum	497.0000	5722.290	1984.100	189.0000	19616.00
Sum Sq. Dev	208.0995	571.7078	127019.9	11.28358	192390.5
Observations	201	201	201	201	201

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on the table above, it can be seen that the number of research observations is 201 samples and it can be concluded that the results of the descriptive statistical test are as follows:

1. Audit Tenure

The average audit tenure faced by all companies in this study is 2.472637 with a standard deviation of 1.020048, this shows a fairly significant level of variance in the distribution of audit tenure among the companies observed.

2. Company Size

Company size has a minimum value of 24.22 and a maximum value of 32.61. The average company size faced in this study is 28.46910 with a standard deviation of 1.690722. This shows that the company size variable has significant variations among the companies observed.

3. Financial Distress

Based on table 4.1, financial distress has a minimum value smaller than 0, namely -13.22. Meanwhile, the maximum value for the financial distress variable is 249.63, and the average (mean) financial distress faced by all companies studied is 9.871144 with a standard deviation of 25.20118. This shows that the financial distress experienced by the company is very volatile.

4. Audit Opinion

Based on table 4.1, audit opinion has a minimum value of 0, a maximum value of 1 and a standard deviation of 0.237525.

5. Audit Report Lag

Audit report lag (ARL) has a minimum value of 55 and a maximum value of 249. The standard deviation of the audit report lag variable is 31.01536 with an average of 97.59204.

C. *Chow Test*

Table 3. Chow Test Results

Redundant Fixed Effects Test			
Equation: Untitled			
Test cross-section fixed effects			
Effect Test	Statistic	d.f	Prob.
Cross-section F	1.9411447	(66,130)	0.0007
Cros-section Chi-Square	137.876005	66	0.0000

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on these tests, it is known that the P-Value is 0.0000, whose value is  $< 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted. So it can be concluded that the Fixed Effect Model is better than the Common Effect Model.

D. *Hausman Test*

In Table 4, the results show that the Cross section Random Probability value is 4.996685 with a P-Value of 0.2876  $>$  the significance value of 0.05. Based on the hypothesis,  $H_0$  is accepted while  $H_a$  is rejected. Then the suitable model used for this study is the *Random Effect Model*.

Table 4. Hausman Test Results

Redundant Fixed Effects Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.996685	4	0.2876

Source: Eviews 12 Output (Processed by Researchers, 2025)

E. *Lagrange Multiplier Test*

Table 5. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effect			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives			
Test	Cross-section	Time	Both
Breusch-Pagan	9.503253(0.0021)	10.64073(0.0011)	20.14398(0.0000)

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on the Lagrange Multiplier test results, the Breusch Pagan probability is  $0.0021 < 0.05$  dignifikan value. So that in this test,  $H_0$  is rejected while  $H_a$  is accepted. So it can be concluded, that the *Random Effect Model* is a suitable model for use in this study.

*F. Multicollinearity Test*

Table 6. Multicollinearity Test Results

	X1	X2	X3	X4
X1	1.000000	0.129551	-0.076959	-0.068686
X2	0.129551	1.000000	-0.160930	0.007586
X3	-0.076959	-0.160930	1.000000	0.089998
X4	-0.068686	0.007586	0.089998	1.000000

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on the results in Table 6, the correlation coefficient value between the independent variables shows a number that is below the threshold limit of 0.85. This indicates that there are no multicollinearity symptoms in the regression model used in this study (Napitupulu et al., 2021).

*G. Heteroscedasticity Test*

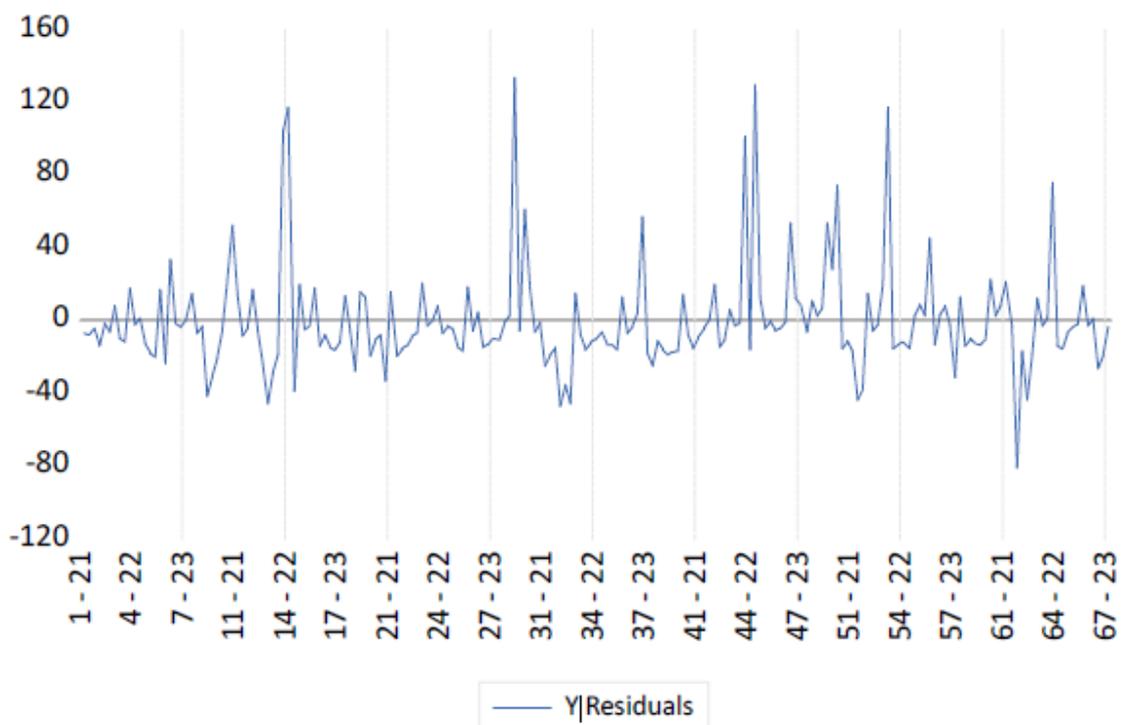


Figure 2. Heteroscedasticity Test Results

Based on Figure 2, the residuals are in the range of -500 to 500, indicating a homogeneous residual variance. This means that there are no symptoms of heteroscedasticity, so the regression model fulfills the assumption of homoscedasticity and passes the heteroscedasticity test (Napitupulu et al., 2021).

*H. Panel Data Test*

Table 7. Panel Data Test Results

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	110.8999	43.61399	2.542761	0.0118
X1	-5.217762	2.022030	-2.580456	0.0106
X2	1.228292	1.502702	0.817386	0.4147
X3	-0.095887	0.096012	-0.998700	0.3192
X4	-36.61404	9.604689	-3.812100	0.0002

Effect Specification		
	S.D.	Rho
Cross-section random	14.41527	0.2439
Indiosyncratic random	25.38217	0.7561

Weighted Statistics			
R-squared	0.098848	Mean dependent var	69.57332
Adjusted R-squared	0.080458	S.D. dependent var	26.53654
S.E. of regression	25.44662	Sum squared resid	126916.0
F-statistic	5.374866	Durbin-Watson stat	2.073554
Prob. (F-statistics)	0.000397		

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on the regression results above, the regression line equation is obtained as follows:

$$Y = 110.899935256 - 5.21776156714 \cdot X1 + 1.22829202199 \cdot X2 - 0.0958869367757 \cdot X3 - 36.61430389993 \cdot X4 + [CX=R]$$

The above equation is interpreted as follows:

1. The constant of 110.8999 indicates that if all independent variables are zero, the audit report lag is predicted to be 110.8999 days.
2. Audit tenure (X1) has a coefficient of -5.2178, meaning that every 1 point increase in audit tenure will reduce the audit report lag by 5.2178 days, assuming other variables remain constant.
3. Company size (X2) has a positive coefficient of 1.2283, meaning that a 1 point increase in company size will increase the audit report lag by 1.2283 days.
4. Financial distress (X3) has a negative coefficient of -0.0959, indicating that an increase in the financial distress score slightly reduces the audit report lag, but the effect is relatively small.

5. Audit opinion (X4) has a coefficient of -36.6143, which means that if the company receives an unqualified opinion (compared to other opinions), the audit report lag will be significantly reduced by 36.6143 days.

*I. Partial Test*

Table 8. Partial Test Results

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	110.8999	43.61399	2.542761	0.0118
X1	-5.217762	2.022030	-2.580456	0.0106
X2	1.228292	1.502702	0.817386	0.4147
X3	-0.095887	0.096012	-0.998700	0.3192
X4	-36.61404	9.604689	-3.812100	0.0002

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on the test results in Table 8, the *audit tenure* variable (X1) has a negative regression coefficient of -5.217762, and a p-value of 0.0106. When compared with  $\alpha = 5\%$  (0.05). Then the p-value (0.0106) < (0.05), so it can be concluded that the audit tenure variable has a negative effect on audit report lag.

Based on the test results in table 4.8, the company size variable (X2) has a positive coefficient of 1.228292, and a p-value of 0.4147. When compared with  $\alpha = 5\%$  (0.05). Then the p-value (0.4147) > (0.05), so it can be concluded that the company size variable has no effect on audit report lag.

Based on the test results in table 4.8, the financial distress variable (X3) has a negative coefficient of -0.095887, and a p-value of 0.3192. When compared to  $\alpha = 5\%$  (0.05). Then the p-value (0.3192) > (0.05), so it is concluded that the financial distress variable has no effect on audit report lag.

Based on the test results in table 4.8, the audit opinion variable (X4) has a negative coefficient of -36.61404, and a p-value of 0.0002. When compared to  $\alpha = 5\%$  (0.05). Then the p-value (0.0002) < (0.05), so it can be concluded that the audit opinion variable has a negative effect on audit report lag.

*J. F test*

Table 9. F Test Results

Prob (F-statistic)	0.000397
--------------------	----------

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on Table 9, the random effect panel data regression model results show that the probability value is 0.000397 when compared to  $\alpha = 5\%$  (0.05). Then the probability value (0.000397) < (0.05), so it can be concluded that the independent variables which include audit tenure, company size, financial distress, and audit opinion have a simultaneous influence on the dependent variable audit report lag.

*K. F Test*

Table 10. F Test Results

Adjusted R-squared	0.080458
--------------------	----------

Source: Eviews 12 Output (Processed by Researchers, 2025)

Based on Table 10, the determination coefficient test results show that the Adjusted R-squared value is 0.080458. This indicates that the independent variables, namely audit tenure, company size, financial distress, and audit opinion, are able to explain 8.04% of the variation in the dependent variable, namely audit report lag.

*L. Discussion*

The Effect of Audit Tenure on Audit Report Lag

The results showed that audit tenure had a negative effect on audit report lag, with a regression coefficient of -5.217762 and a p-value of 0.0106 <0.05, so the hypothesis is accepted. The longer the auditor has an engagement with the company, the shorter the audit report lag because the auditor has a deeper understanding of the company's systems and operations, so that the audit process becomes more efficient. This finding is in line with agency theory and is supported by the research of Rusyana & Hadiprajitno (2023) and Putri, Mukti & Eprianto (2025).

The Effect of Company Size on Audit Report Lag

The results showed that company size had no effect on audit report lag, as evidenced by a p-value of 0.4147 > 0.05. This shows that the size of the asset does not determine the length of the audit process, because auditors work professionally and independently according to audit standards. This finding is supported by previous research such as Indriani & Wahyono (2021) and Latiefah & Handayani (2024).

The Effect of Financial Distress on Audit Report Lag

The results showed that financial distress had no effect on audit report lag as evidenced by a p-value of 0.3192 > 0.05. Even though it contradicts signal theory, companies still submit reports on time due to regulatory oversight and market obligations. This finding is supported by previous research such as Pah et al. (2023).

The Effect of Audit Opinion on Audit Report Lag

The results showed that audit opinion has a negative effect on audit report lag (p-value 0.0002 <0.05), in line with signal theory. Companies that obtain an unqualified opinion tend to present quality financial reports, so that the audit process is faster and the audit report lag is shorter. This is because the auditor does not need to conduct additional examinations, in contrast to opinions other than unqualified which require further audit procedures. This finding is supported by previous studies such as Latiefah & Handayani (2024) and Pah et al. (2023).

## V. CONCLUSION

Based on the results of the tests and discussions that have been carried out, it can be concluded that audit report lag is significantly influenced by factors directly related to the characteristics of the audit process and the quality of financial reporting, but not fully influenced by the financial characteristics of the company. Audit tenure is proven to have a negative effect on audit report lag. The longer the engagement relationship between the auditor and the company, the shorter the audit completion time. This shows that the auditor's experience and understanding of the company's systems, risks, and operational characteristics play an important role in improving the efficiency of the audit process, so that the audit report can be issued more quickly. Company size has no effect on audit report lag. This finding indicates that the size of the company's total assets is not a determining factor in the length of the audit process. Auditors still carry out audit procedures in accordance with applicable professional standards without distinguishing the scale of the company, so the complexity of asset size does not automatically lengthen or shorten the audit report lag. Financial distress also has no effect on audit report lag. Although theoretically troubled financial conditions can increase audit risk and slow down the reporting process, in practice companies are still encouraged to submit financial reports in a timely manner. This can be explained by regulatory pressure and capital market demands that require timeliness of reporting, regardless of the company's financial condition. Audit opinion has a negative effect on audit report lag. Companies that obtain an unqualified opinion tend to have a shorter audit report lag. This reflects that the good quality of financial statements facilitates the audit process and minimizes the need for additional procedures, thereby accelerating the issuance of audit reports compared to companies that obtain opinions other than unqualified. Overall, this study shows that audit-related factors, particularly audit tenure and audit opinion, have a more dominant role in influencing audit report lag than firm characteristics such as size and financial distress. These findings emphasize the importance of the quality of the auditor-client relationship and the quality of financial reporting in improving the timeliness of audit report submission.

## ACKNOWLEDGEMENT

The author would like to express gratitude to all the people who have helped in the completion of this study.

## REFERENCES

- Agustina, S. D. ., & Jaeni, J. (2022). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Solvabilitas dan Likuiditas terhadap Audit Report Lag. *Owner : Riset Dan Jurnal Akuntansi*, 6(1), 648-657. <https://doi.org/10.33395/owner.v6i1.623>
- Bagaskara, D., Petrol, & Hera. (2023). Pengaruh Ukuran Perusahaan, Ukuran KAP, dan Kualitas Audit terhadap Audit Report Lag Pada Perusahaan Sektor Kesehatan . *Transekonomika: Akuntansi, Bisnis dan Keuangan*, 3(3), 626-644. <https://doi.org/10.55047/transekonomika.v3i3.442>
- Candra, J. G., & Trisnawati, I. (2021). Pengaruh Ukuran Perusahaan dan Faktor Lainnya terhadap Audit Report Lag. *E-Jurnal Akuntansi TSM*, 1(3), 111-122. Retrieved from <https://jurnaltsm.id/index.php/EJATSM/article/view/1188>

- CNBC Indonesia (2020). PT Hanson International Tunda Laporan Keuangan Audit 2019. Diakses dari <https://www.cnbcindonesia.com/market/20200603113049-19-162688/pt-hanson-international-tunda-laporan-keuangan-audit-2019>
- Damayanti, R., & Saputra, M. R. (2024). Pengaruh Umur Listing, Audit Tenure, dan Investment Opportunity Set terhadap Audit Report Lag. *AKADEMIK: Jurnal Mahasiswa Humanis*, 4(3), 924–936. <https://doi.org/10.37481/jmh.v4i3.1025>
- Fitriana, D. , & Bahri, S. (2022). Pengaruh Rasio Keuangan, Ukuran Entitas, dan Ukuran KAP Terhadap Audit Report Lag. *Owner : Riset Dan Jurnal Akuntansi*, 6(1), 964-976. <https://doi.org/10.33395/owner.v6i1.704>
- Fu'adiyah, A., Abbas, D. S., Hamdani, H., & Jayanih, A. (2022). Pengaruh Profitabilitas, Solvabilitas, Opini Audit Dan Ukuran Perusahaan Terhadap Audit Report Lag. *Jurnal Publikasi Ilmu Manajemen*, 1(4), 35-43. <https://doi.org/10.55606/jupiman.v1i4.662>
- Herawaty, V. (2020). Pengaruh Financial Distress, Profitabilitas Dan Audit Tenure Terhadap Audit Report Lag Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. *KOCENIN Serial Konferensi*, (1), 6-2.
- Idxchannel.com (2019). Saham Bakrieland Dibekukan, Bermasalah Terkait Laporan Keuangan. Diakses dari <https://www.idxchannel.com/market-news/saham-bakrieland-dibekukan-bermasalah-terkait-laporan-keuangan>
- Indriani, A. D., & Wahyono. (2022). Analisis Pengaruh Profitabilitas, Solvabilitas, Ukuran Perusahaan, Komite Audit, dan Opini Audit Terhadap Audit Report Lag: Array. *Prosiding Seminar Nasional Hukum, Bisnis, Sains Dan Teknologi*, 2(1), 135. Retrieved from <https://www.ojs.udb.ac.id/index.php/HUBISINTEK/article/view/1382>
- Institut Akuntan Publik Indonesia. (2023). Standar Audit (SA) 700 (Revisi 2021) Tentang Perumusan Suatu Opini atas Pelaporan Keuangan.
- Institut Akuntan Publik Indonesia. (2023). Standar Audit (SA) 705 (Revisi 2021) Tentang Modifikasi terhadap Opini dalam Laporan Auditor Independen
- Jehezkiel, A., & Siagian, H. L. (2022). Pengaruh Ukuran Kap, Financial Distress, Dan Auditor Switching Terhadap Audit Report Lag. *Journal Transformation of Mandalika*, 3(4), 38-46.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of The Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305-360. [https://doi.org/10.1016/0304405X\(76\)90026 X](https://doi.org/10.1016/0304405X(76)90026 X)
- Karina, T., & Julianto, W. (2022). Pengaruh financial distress, audit complexity dan kompleksitas operasi terhadap audit delay. *Veteran Economics, Management & Accounting Review*, 1(1). <https://doi.org/10.59664/vemar.v1i1.4835>
- Karina, T., & Julianto, W. (2022). Pengaruh financial distress, audit complexity dan kompleksitas operasi terhadap audit delay. *Veteran Economics, Management & Accounting Review*, 1(1). <https://doi.org/10.59664/vemar.v1i1.4835>
- Khamisah, N., Nurullah, A., & Kesuma, N. (2023). Pengaruh Agresivitas Penghindaran Pajak, Kompleksitas Operasi Perusahaan, Audit Fee, dan Financial Distress terhadap Audit Report Lag. *Reviu Akuntansi dan Bisnis Indonesia*, 7(1), 232-247. <https://doi.org/10.18196/rabin.v7i1.18005>

- Khoiriah, E., & Kuntadi, C. (2024). Faktor-Faktor yang Memengaruhi Audit Report Lag: Financial Distress dan Audit Tenure. *Jurnal Media Akademik (JMA)*, 2(4). <https://doi.org/10.62281/v2i4.253>
- Latiefah, A., & Handayani, S. (2024). Pengaruh Ukuran Perusahaan, Opini Audit, Profitabilitas, dan Audit Tenure Terhadap Audit Report lag pada Perusahaan Barang dan Konsumsi Sub Sektor Farmasi yang Terdaftar di BEI Tahun 2016-2022. *Economic Reviews Journal*, 3(3), 2579-2596. <https://doi.org/10.56709/mrj.v3i3.490>
- Maryani, S. P., & Handayani, A. (2024). Pengaruh Audit Complexity, Ownership Concentration, Dan Financial Distress Terhadap Audit Report Lag (Studi Empiris Pada Perusahaan Sektor Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Periode 2017-2022). *Jurnal Nusa Akuntansi*, 1(1), 187-201. <https://doi.org/10.62237/jna.v1i1.19>
- Memenuhi Kriteria Emiten dengan Aset Skala Kecil dan Emiten dengan Aset Skala Menengah. Muaqilah, N., Mus, A. R., & Nurwanah, A. (2021). Pengaruh financial distress, opini audit, pergantian manajemen dan ukuran kap terhadap auditor switching (Studi pada perusahaan bumh yang terdaftar di bursa efek Indonesia). *Invoice: Jurnal Ilmu Akuntansi*, 3(1), 145-158. <https://doi.org/10.26618/inv.v3i1.4978>
- Napitupulu, Runggu Basmandala, Torang P. Simanjuntak, Lamminar Hutabarat, Hormaingat Damanik, Hotriado Harijanja, Ronnie T. M. Sirait, and others, *Penelitian Bisnis Teknik Dan Analisis Data Dengan SPSS - STATA - EVIEWS* (Bekasi: Madenatera, 2021).
- Otoritas Jasa Keuangan Republik Indonesia. (2016). Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 29/POJK.04/2016 Tentang Laporan Tahunan Emiten atau Perusahaan Publik.
- Otoritas Jasa Keuangan Republik Indonesia. (2020). Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 43/POJK.04/2020 Tentang Kewajiban Keterbukaan Informasi dan Tata Kelola Perusahaan bagi Emiten atau Perusahaan Publik yang
- Otoritas Jasa Keuangan Republik Indonesia. (2022). Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 14/POJK.04/2022 Tentang Penyampaian Laporan Keuangan Berkala Emiten atau Perusahaan Publik.
- Pah, V. C., Taolin, H. L., Tahuk, F., Mbouk, E. A., Mega, M. C., & Seran, M. A. (2023). Pengaruh Financial Distress, Opini Audit, Dan Profitabilitas terhadap Audit Report Lag. *Musyteri : Neraca Manajemen, Akuntansi, Dan Ekonomi*, 2(9), 41-50. <https://doi.org/10.8734/musyteri.v2i9.1365>
- Prabowo, P. ., & Zulfikar, Z. (2024). Pengaruh Faktor-Faktor Keuangan terhadap Audit Report Lag Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. *Jurnal Revenue : Jurnal Ilmiah Akuntansi*, 5(1), 181-199. <https://doi.org/10.46306/rev.v5i1.409>
- Pratiwi, N. F. S. ., & Suwarno, A. E. . (2024). Pengaruh Ukuran Perusahaan, Leverage, Kualitas Audit dan Opini Audit terhadap Audit Report Lag (Pada Perusahaan Sektor Barang Konsumen Non-Primer Subsektor Perdagangan Ritel) . *Jurnal Revenue : Jurnal Ilmiah Akuntansi*, 5(1), 200-215. <https://doi.org/10.46306/rev.v5i1.411>
- Priyani, R. E., & Badjuri, A. . (2022). Determinan Audit Report Lag dan Spesialisasi Auditor sebagai Moderasi Pada Sektor Perdagangan, Jasa, dan Investasi. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, 4(Special Issue 3), 1351-1374. <https://doi.org/10.32670/fairvalue.v4iSpecial Issue 3.862>

- Puspitasari, D. M. P., & Sudjiman, L. S. (2022). Pengaruh Auditor Switching Dan Opini Audit Terhadap Audit Report Lag Pada Perusahaan Perbankan Yang Terdaftar Pada Bei Tahun 2019-2021. *Jurnal Ekonomi, Sosial & Humaniora*, 3(11), 177-191.
- Puspitasari, D. M. P., & Sudjiman, L. S. (2022). Pengaruh Auditor Switching Dan Opini Audit Terhadap Audit Report Lag Pada Perusahaan Perbankan Yang Terdaftar Pada Bei Tahun 2019-2021. *Jurnal Ekonomi, Sosial & Humaniora*, 3(11), 177-191.
- Putri, S. A., Mukti, A. H., & Eprianto, I. (2025). Pengaruh Investment Opportunity Set, Audit Tenure dan Reputasi KAP terhadap Audit Report Lag (Emiten Basic Materials Bursa Efek Indonesia Periode 2021-2023). *SINERGI: Jurnal Riset Ilmiah*, 2(2), 935-948.
- Putri, S. A., Mukti, A. H., & Eprianto, I. (2025). Pengaruh Investment Opportunity Set, Audit Tenure dan Reputasi KAP terhadap Audit Report Lag (Emiten Basic Materials Bursa Efek Indonesia Periode 2021-2023). *SINERGI: Jurnal Riset Ilmiah*, 2(2), 935-948.
- Rachman, H. A., & Astri, M. F. (2024). The Effect of Company Size, Industry Classification, and Audit Tenure on Audit Report Lag. *Jurnal Ilmiah Akuntansi Kesatuan*, 12(1), 155–166. <https://doi.org/10.37641/jiakes.v12i1.2466>
- Rahayu, P., Khikmah, S. N., & Dewi, V. S. (2021, September). Pengaruh Ukuran Perusahaan, Profitabilitas, Solvabilitas, Ukuran KAP dan Financial Distress Terhadap Audit Report Lag. In *UMMagelang Conference Series* (pp. 467-486).
- Rahkmawati, E. (2023). Pengaruh opini audit, financial distress dan komite audit terhadap audit report lag. *Jurnal Ilmiah Ekonomi dan Manajemen*, 1(4), 385-398. <https://doi.org/10.61722/jiem.v1i4.413>
- Reny, & Tanujaya, K. (2022). Pengaruh Karakteristik Perusahaan dan Komite Audit Terhadap Audit Report Lag. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, 4(Spesial Issue 3), 1375–1393. <https://doi.org/10.32670/fairvalue.v4iSpesial Issue 3.876>
- Rozana, A. S. A., & Winarningsih, S. (2024). The Influence of Audit Opinion and Audit Tenure on Audit Report Lag in Property and Real Estate Companies Listed on the Indonesian Stock Exchange in 2021-2023. *Jurnal Ekonomi*, 13(02), 35-46.
- Rusyana, M. F., & Hadiprajitno, P. T. B. (2023). Analisis Faktor-Faktor yang Memengaruhi Audit Report Lag (Studi Empiris Pada Perusahaan Barang Konsumsi Non-Primer Yang Terdaftar Di Bursa Efek Indonesia Tahun 2019-2021). *Diponegoro Journal of Accounting*, 12(4).
- Rusyana, M. F., & Hadiprajitno, P. T. B. (2023). Analisis Faktor-Faktor yang Memengaruhi Audit Report Lag (Studi Empiris Pada Perusahaan Barang Konsumsi Non-Primer Yang Terdaftar Di Bursa Efek Indonesia Tahun 2019-2021). *Diponegoro Journal of Accounting*, 12(4).
- Sekaran, Uma dan Bougie, Roger. 2016. *Research Methods For Business: A Skill Building Approach*, 7th Edition.
- Shanti, Y. K., Sudarmadi, S., & Purwanti, T. (2023). Pengaruh Audit Tenure, Ukuran Perusahaan dan Kualutas Audit terhadap Audit Report Lag. *Jurnal Ilmiah Edunomika*, 8(1). <https://doi.org/10.29040/jie.v8i1.11332>
- Sidauruk, T. D., & Sagita, H. D. (2021). Pengaruh Solvabilitas, Audit Tenure, Ukuran Kap, Dan Ukuran Perusahaan Terhadap Audit Report Lag (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2017-2019). *Jurnal Liabilitas*, 6(1), 73-90. <http://repo.usni.ac.id/id/eprint/2095>

- Sijabat, A., & Pangaribuan, H. (2023). The effect of audit fees, audit tenure, and auditor switching on audit report lag in financial sector companies listed on the BEI in 2021-2022. *International Journal of Applied Finance and Business Studies*, 11(3), 650-658. <https://doi.org/10.35335/ijafibs.v11i3.206>
- Spence, M. (1973). Job Market Signaling Michael. *The Quarterly Journal of Economics*, 87(3), 355-374
- Uly, F. R. U., & Julianto, W. (2022). Pengaruh Opini Audit, Audit Tenure, Dan Komite Audit Terhadap Audit Report Lag. *Accounting Student Research Journal*, 1(1), 37-52. <https://doi.org/10.62108/asrj.v1i1.4750>
- Wahyuningsih, D., & Melania, K. (2024). FAKTOR-FAKTOR YANG MEMENGARUHI AUDIT REPORT LAG. *Jurnal Ekonomi STIEP*, 9(1), 166-176. <https://doi.org/10.54526/jes.v9i1.276>
- Widharma, F. ., & Susilowati, E. . (2020). Auditor Switching, Financial Distress, and Financial Statement Fraud Practices with Audit Report Lag as Intervening Variable. *JASF: Journal of Accounting and Strategic Finance*, 3(2), 243-257. <https://doi.org/10.33005/jasf.v3i2.135>
- Wokas, I. J. J., Wokas, H. R. N., & Suwetja, I. G. (2024). Pengaruh debt default dan financial distress terhadap audit report lag pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2017-2021. *Riset Akuntansi Dan Portofolio Investasi*, 2(1), 37-42. <https://doi.org/10.58784/rapi.86>