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THE EFFECT OF CORPORATE GOVERNANCE, FIRM SIZE, AND LEVERAGE ON AUDIT REPORT LAG IN PROPERTY AND REAL ESTATE COMPANIES

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Abstract. This study aims to empirically test the effect of corporate governance, company size, and leverage on audit report lag. Using a population of property and real estate companies listed on the Indonesia Stock Exchange in the 2021-2023 period, 135 samples were acquired via purposive sampling technique, consisting of secondary data in the form of financial reports. The results of the multiple regression analysis in SPSS version 25 show that the board of commissioners and institutional ownership have a negative effect on audit report lag, while leverage has a positive effect on audit report lag, and company size has no effect on audit report lag.

Keywords: Corporate Governance, Company Size, Leverage, Audit Report Lag

I. INTRODUCTION

Financial reports are the main tool used by stakeholders, such as investors, creditors, management, government, and the public, to assess the company's financial performance. The information contained in financial reports has an important role in the business decision-making process, so the quality of financial reports greatly affects the accuracy of decisions taken (Saren & Mokoagow, 2024). Based on the Statement of Financial Accounting Standards (PSAK) No. 201 of 2022 concerning Presentation of Financial Statements, financial statements are defined as a structured presentation of the financial position, financial performance, and cash flows of an entity. This report is prepared in accordance with Financial Accounting Standards (SAK) with the aim of providing relevant information to users in supporting decision making. Financial statements are considered relevant if the information presented is submitted in a timely manner. Information that is submitted late will lose its relevance, because it can no longer be used as a basis for effective decision making and has the potential to cause information asymmetry (Pratama & Rohman, 2023). The sooner the financial statements are submitted, the greater the benefits of the information provided, which allows users to make more informed decisions. Conversely, the longer the delay in submitting financial reports to the public, the greater the risk of problems arising for companies on the stock exchange (Setiawati et al., 2021).

The deadline for the publication of financial statements has been regulated in the Financial Services Authority (OJK) Regulation Number 14 / POJK.04 / 2022 concerning Submission of Periodic Financial Statements of Issuers or Public Companies, which states that annual financial reports must be submitted to the Financial Services Authority and announced to the public no later than the end of the third month (90 days) after the closing date of the annual financial statements. The annual financial statements submitted are reports that have been audited by an independent auditor. Public companies that do not submit annual financial reports within

the specified time limit will be subject to sanctions by the Indonesia Stock Exchange in the form of written warnings I-III and suspensions in accordance with the provisions in the Decree of the Board of Directors of the Stock Exchange. The existence of sanctions for late submission of financial reports shows the importance of timeliness in the reporting process.

The time span required for the auditor to complete the audit of financial statements, which is calculated from the closing date of the financial year to the date of issuance of the audit report, is known as the audit report lag (Prabowo & Zulfikar, 2024). Audit report lag is an important factor that needs to be taken into account by companies because delays in submitting audited financial reports can have an impact on reducing investor confidence. This is because the audit report lag reflects the efficiency in providing accounting information to the public. A long audit report lag indicates that the auditor takes longer to complete the audit process, which has an impact on the delay in issuing the audit report to the Financial Services Authority. For the public, the timely submission of financial reports signals that the company has good performance and presents reliable and high-quality accounting information (Dewianawati et al., 2023).

Although there are official regulations governing the submission of financial reports along with sanctions for violators, every year there are still companies that are late in submitting their annual financial reports. Based on an announcement published by the Indonesia Stock Exchange, as of May 9, 2022 there are still 91 listed companies that have not submitted audited financial reports on time for the period ending December 31, 2021. For the 2022 financial year period, until May 2, 2023 there were 61 companies that had not fulfilled this obligation. This phenomenon continues, where in the 2023 financial year, until April 1, 2024 there were still 129 companies that had not submitted audited financial reports on time. One sector that experiences a high level of delay in financial reporting is the property and real estate sector. In 2021, this sector accounted for 17.58% of the total companies that were late in submitting audited financial reports. This figure then increased to 19.67% in 2022 before finally decreasing to 15.50% in 2023. Therefore, this research is focused on companies in the property and real estate sector to analyze the factors that influence audit report lag.

The accuracy in submitting financial reports cannot be separated from the implementation of effective corporate governance practices (Saputra & Agustin, 2021). This study uses the board of commissioners and institutional ownership as proxies to measure corporate governance. The more the number of members of the board of commissioners, the effectiveness of the supervision carried out will increase. Better supervision can encourage improvements in company performance, which in turn contributes to reducing the duration of the audit report lag (Sari, 2021). This is in line with the results of Firmansyah & Amanah (2020) and Prastyatini (2021) research which state that the board of commissioners has a negative effect on audit report lag. However, this is not in line with the results of Wulandari & Wijayanti's (2020) research which states that the board of commissioners has no effect on audit report lag. In addition, the high percentage of share ownership reflects the level of control over the company, which affects the establishment of procedures and policies in overseeing management decision making, so as to minimize audit report lag. This is in line with the results of research by Kristiana & Annisa (2022) and Ardini et al., (2023) which states that institutional ownership has a negative effect on audit report lag. However, this is not in line with the results of Ramadhani's (2020) research which states that institutional ownership has no effect on audit report lag.

Another factor that can affect audit report lag is company size. According to Bagaskara et al. (2021), company size describes the amount of assets owned by a company, which can be measured based on nominal values such as total sales or total assets in an accounting period. Large companies tend to submit financial reports on time because they have a strong internal control system, involve competent stakeholders, and are supported by adequate resources (Prastyatini, 2021). This is in line with the results of research by Sipahutar et al. (2022) and Prabowo & Zulfikar (2024) which state that company size has a negative effect on audit report lag. However, this is not in line with the results of Eleazar & Ratih's research (2023) which states that company size has no effect on audit report lag.

The next factor that affects audit report lag is leverage. According to Cashmere (2019), the leverage ratio is used to assess the extent to which the company is able to meet all of its financial obligations, both in the short and long term. A high level of leverage in a company may indicate a less stable financial condition, thus providing a negative signal (bad news) to stakeholders. These conditions encourage auditors to be more careful during the audit process, which in turn can cause the audit report lag to be longer (Prabowo & Zulfikar, 2024). This study is in line with the results of research by Eleazar & Ratih (2023) and Firmansyah & Amanah (2020) which state that leverage has a positive effect on audit report lag. However, this is not in line with the results of Pratiwi & Suwarno's research (2024) which states that leverage has no effect on audit report lag.

From several previous studies described above, there are inconsistencies regarding the effect of corporate governance proxied by the board of commissioners and institutional ownership, company size, and leverage on audit report lag. The difference in results encouraged the author to re-examine these factors. This research is a development of research conducted by Himayati et al. (2022) entitled "Independent Commissioners, Leverage, and Company Size Against Audit Report Lag in Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 Period". The novelty of this research lies in the use of the board of commissioners and institutional ownership as proxies for corporate governance, in contrast to previous studies that used independent commissioners. In addition, this study focuses on the property and real estate sector with the period 2021-2023, while previous studies used the food and beverage sector for the 2016-2020 period. The purpose of this study is to test and obtain empirical evidence of the effect of the board of commissioners, institutional ownership, company size, and leverage on audit report lag.

II. LITERATURE REVIEW

A. Agency Theory

Agency theory explains the contractual relationship between the principal and the agent, in which the agent is authorized to manage the company on behalf of the principal (Jensen & Meckling, 1976). In a company, the principal is the shareholder and the agent is the management. The difference in interests between the two parties can trigger agency conflicts, especially since agents have greater access to information than principals. This condition causes information asymmetry, which according to Scott (2015: 22) consists of adverse selection, when agents hide important information, and moral hazard, when agents' actions cannot be fully monitored by shareholders. Agency theory is used to analyze and minimize these conflicts (Alfiani & Nurmala, 2020; Margaret & Daljono, 2023).

To reduce information asymmetry, the role of an independent third party, namely the auditor, is needed. Auditors are tasked with evaluating agent performance and ensuring that

financial reports are presented fairly and on time to suppress management's opportunistic behavior which can cause audit report lag (Firmansyah & Amanah, 2020). From an agency theory perspective, audit report lag is an important issue because delays in submitting financial reports can reduce the relevance of information and increase information asymmetry between agents and principals (Khamisah et al., 2023).

B. Signal Theory

Signal theory was introduced by Spence (1973) in Job Market Signaling, which explains how parties who have more information (information holders) convey signals to other parties to reduce information asymmetry. In the context of companies, signal theory explains the existence of information imbalances between management and external investors, where management has more detailed information about the company's condition and prospects (Brigham & Houston, 2019). This information asymmetry encourages management to convey relevant information through various forms of disclosure, especially financial statements, as a means of signaling to investors.

Good company performance and financial conditions tend to encourage management to submit financial reports in a timely manner as positive signals (good news), while unfavorable conditions have the potential to cause reporting delays as negative signals (bad news). Audit report lag is an important indicator in signal theory because delays in submitting audited financial reports can reduce the relevance of information and trigger negative investor perceptions of the company's internal conditions (Alfiani & Nurmala, 2020). Junaidy (2022) emphasizes that the longer the audit report lag, the greater the potential negative impact on investor perceptions and stock price stability, while a shorter audit report lag is seen as a positive signal that can increase investor confidence and firm value.

C. Audit Report Lag

Audit report lag is the time span between the closing date of the company's accounting period and the date of signing the auditor's report, which is calculated in the number of days from the closing date of the book until the audit report is finalized (Junaidy, 2022). Audit report lag is often used as an indicator of the timeliness of financial reporting, where a longer audit process can cause delays in submitting financial reports to the public. For investors, audit report lag is an important factor in assessing company quality because reporting delays can reduce the relevance of information and influence investment decisions (Darmawati & Agustine, 2024). This delay can also reflect potential internal problems within the company.

In order to maintain transparency and accountability, the Financial Services Authority through POJK Number 14/POJK.04/2022 requires issuers or public companies to submit financial reports no later than 90 days after the end of the financial year. Delays in reporting will be subject to sanctions in accordance with the provisions of the Indonesia Stock Exchange, ranging from written warnings, fines, to trading suspensions. Dyer & McHugh (1975) classify reporting delays into preliminary lag, auditor's report lag, and total lag, which shows the importance of audit report lag as part of reporting timeliness. Therefore, efficient management of the audit process is crucial for companies to fulfill regulations, maintain investor confidence, and maintain market reputation and performance.

D. Corporate Governance

Corporate governance is a company management mechanism that aims to increase success, accountability, and the balance between power and responsibility in the company (Maharani & Redjo, 2023; Gunawan et al., 2020). The implementation of good corporate governance (GCG) is necessary to create a market that is efficient, transparent, and compliant with legal provisions (National Committee on Governance Policy, 2006). Rochmaniah & Sinduwiatmo (2020) explain that GCG aims to optimize company value, encourage professional and transparent management, ensure compliance with regulations and social responsibility, and create a conducive investment climate. Thus, effective governance plays an important role in protecting stakeholder interests and improving company performance and sustainability.

The implementation of corporate governance also functions as a control mechanism to reduce agency conflicts between principals and agents (Wulandari & Wijayanti, 2020). Through the principles of transparency, accountability, responsibility, independence, and fairness and equality, corporate governance is expected to improve supervision of management and auditor performance, so as to minimize delays in issuing audit reports and prevent fraud in financial reporting (National Committee on Governance Policy, 2006). In this study, corporate governance is proxied through the board of commissioners and institutional ownership to analyze its effect on audit report lag.

E. Board of Commissioners

According to the National Committee on Governance Policy (2006), the governance structure of limited liability companies in Indonesia adheres to a two-body system, namely the board of commissioners and the board of directors. The board of commissioners plays a role in supervising, advising the board of directors, and ensuring the implementation of good corporate governance principles. The board of commissioners consists of at least two people, including one independent commissioner, with a composition that allows effective and independent decision making. To perform their functions optimally, members of the board of commissioners are required to have adequate professionalism, integrity and competence in carrying out supervisory and advisory functions.

In the perspective of agency theory, the board of commissioners functions as a control mechanism to monitor the relationship between principals and agents in order to reduce information asymmetry. An effective supervisory role is expected to encourage management to submit financial reports in a timely manner. The greater the number of members of the board of commissioners, the higher the intensity of supervision that can be carried out, thus potentially improving company performance and reducing audit report lag (Sari, 2021). Thus, the existence of an effective and independent board of commissioners is an important factor in supporting the quality of corporate governance and the timeliness of financial reporting.

F. Institutional Ownership

The share ownership structure consists of institutional ownership, managerial ownership, and individual or public ownership. Institutional ownership refers to share ownership by institutions or institutions that play a role in overseeing management performance. The presence of this institution is expected to increase the effectiveness of supervision, encourage improvements in management performance, and prevent opportunistic behavior that is not in line with company goals, thus having a positive impact on firm value (Margaret & Daljono,

2023). According to Putri et al. (2021), institutional ownership is share ownership by institutions outside the company, such as insurance companies, government agencies, investment companies, banks, pension funds, and other institutions in the ownership of a company's shares.

Agency theory states that institutional investors play an important role in overcoming weaknesses in the company's internal control and improving the quality of internal control. Institutional investors are considered capable of implementing a more effective monitoring mechanism for managerial decisions due to their involvement in strategic decision making. Thus, they are not easily influenced by earnings manipulation practices. As a result, companies with a higher proportion of institutional ownership tend to minimize misrepresentation of financial statements, which in turn can reduce delays in financial reporting (Sulimany, 2024). Thus, it can be concluded that institutional ownership has an important role in overseeing management performance and increasing the effectiveness of corporate supervision. The greater the proportion of institutional ownership, the stronger the supervision provided, which in turn encourages management to present financial reports in a timely manner to support more accurate decision making by stakeholders.

G. Company Size

Company size reflects the size of an entity which is generally measured by total assets, stock market value, or other scale indicators (Bagaskara et al., 2021; Indriani & Wahyono, 2021). Large companies tend to have stronger internal control systems, adequate resource support, and more competent accounting staff and technology. These conditions allow the process of preparing and examining financial statements to be carried out more efficiently. In addition, a stricter level of supervision from investors and regulators encourages the management of large companies to submit financial reports in a timely manner.

In relation to audit report lag, company size affects the length of the audit process. Prabowo & Zulfikar (2024) state that companies with larger total assets tend to have a shorter audit report lag than small companies, despite their higher level of operational complexity. This is due to system readiness, documentation quality, and management incentives of large companies to minimize reporting delays. Thus, company size is one of the important factors considered by investors and auditors in assessing the timeliness and quality of financial reporting.

H. Leverage

Leverage reflects the company's dependence on debt funding to finance its assets and operations (Gazali & Amanah, 2021; Bagaskara et al., 2021). A high level of leverage indicates that the company has greater financial risk due to the dominant proportion of debt compared to equity, while low leverage indicates a safer funding structure. Bahgia (2023) states that excessive use of debt can increase financial risk, thus potentially affecting financial stability and perceptions of the company's condition.

In relation to audit report lag, companies with high leverage levels tend to face a more complex audit process. Greater financial risk encourages auditors to conduct more careful examinations to minimize the risk of misstatement of financial statements, which in turn can extend the duration of the audit. Conversely, companies with low leverage generally have less risk so that the audit process can be completed more quickly. To measure leverage, this study uses the Debt to Asset Ratio (DAR), which is a ratio that shows the proportion of the company's

assets financed by debt, because this indicator provides a clear picture of the company's level of dependence on debt and its implications for financial risk and audit report lag (Kasmir, 2019).

I. Research Framework

This study aims to examine the effect of the board of commissioners, institutional ownership, company size, and leverage on audit report lag in property and real estate companies listed on the IDX in 2021-2023. The research framework describes the relationship between the independent variable and the dependent variable which is compiled to assist readers in understanding the contents of this study more easily.

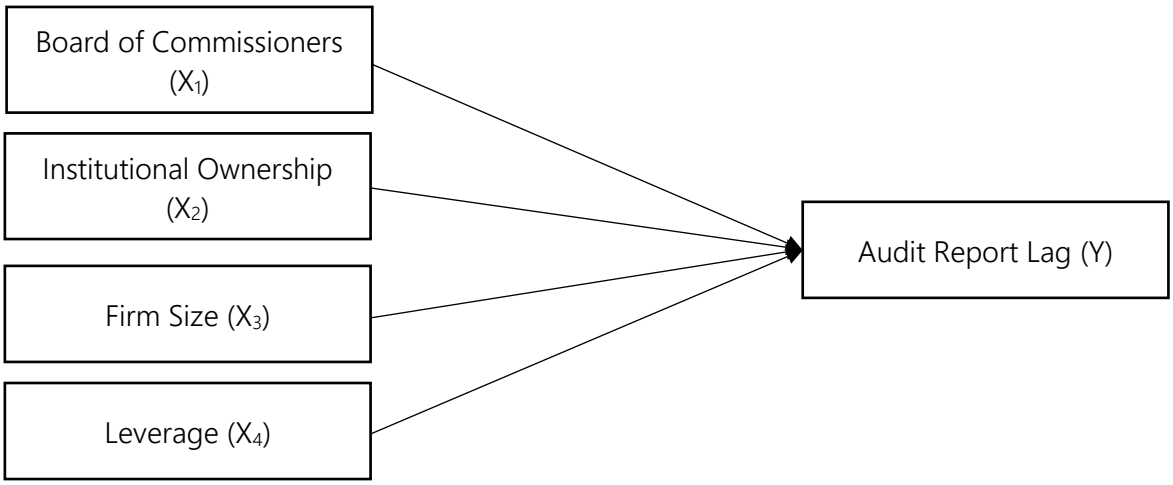

Figure 1 Research Framework

J. Hypothesis Development

The Effect of the Board of Commissioners on Audit Report Lag

The board of commissioners is a corporate organ in charge of conducting general supervision and providing advice to the board of directors in accordance with the company's articles of association (National Committee on Governance Policy, 2006). The existence of an effective board of commissioners can strengthen the internal control system, making it easier for auditors to carry out the audit process. The greater the number of boards of commissioners, the higher the quality of supervision of management performance, so that the potential for errors or fraud in the financial statements can be minimized and the audit process can be completed more quickly (Yuliani & Prastiwi, 2021).

In the perspective of agency theory, the board of commissioners acts as a supervisory mechanism to reduce conflicts of interest between principals and agents. More intensive supervision and diversity of perspectives in the board of commissioners can increase the effectiveness of internal control and accelerate audit completion, resulting in a shorter audit report lag (Pratama & Rohman, 2023). The empirical findings of Prastyatini (2021), Sari (2021), and Firmansyah & Amanah (2020) show that the board of commissioners has a negative effect on audit report lag. Based on this description, the research hypothesis is formulated as follows:
H1: The board of commissioners has a negative effect on audit report lag.

The Effect of Institutional Ownership on Audit Report Lag

Institutional ownership shows the proportion of company shares owned by institutions, such as insurance companies, banks, pension funds, investment companies, and government agencies. Institutional shareholders have an important role in overseeing management performance through voting rights in decision making. The greater the institutional ownership, the tighter the supervision of management, so that potential deviations and opportunistic behavior can be minimized (Yuliani & Prastiwi, 2021).

Agency theory and signal theory explain the relationship between institutional ownership and audit report lag. From an agency theory perspective, high institutional ownership increases the effectiveness of management oversight, encourages the preparation of more accurate and timely financial reports, and facilitates the audit process. Meanwhile, signal theory asserts that the timeliness of financial reporting is a positive signal to the market regarding transparency and the quality of corporate governance (Siswanto & Suhartono, 2022). The empirical findings of Rahmah et al. (2023), Hardiningsih et al. (2021), and Kristiana & Annisa (2022) show that institutional ownership has a negative effect on audit report lag. Based on this description, the research hypothesis is formulated as follows: H2: Institutional ownership has a negative effect on audit report lag.

The Effect of Company Size on Audit Report Lag

Company size reflects the size of an entity which is generally measured by total assets or sales levels, and is influenced by the intensity and complexity of company operations. Companies with a large scale tend to have a shorter audit report lag than small companies. This is due to the incentive for large company management to speed up the audit process, given the high level of scrutiny from investors, regulators, and the government (Prabowo & Zulfikar, 2024).

From an agency theory perspective, larger company size plays a role in suppressing information asymmetry and agency problems due to tighter supervision from principals and regulators. Large companies are generally supported by better internal control systems and adequate resources, so that the audit process can be carried out more efficiently and financial reports can be published on time (Prasetyo & Rohman, 2022). The empirical findings of Prastyatini (2021) and Sipahutar et al. (2022) show that company size has a negative effect on audit report lag. Based on this description, the research hypothesis is formulated as follows:
H3: Company size has a negative effect on audit report lag.

The Effect of Leverage on Audit Report Lag

Leverage is a financial ratio that shows the company's level of dependence on external funding in financing its assets. In this study, leverage is proxied using the Debt to Asset Ratio (DAR), which describes the proportion of the company's assets financed by debt (Bagaskara et al., 2021). The higher the DAR value, the greater the financial risk faced by the company due to the increasing obligations that must be met. These conditions encourage auditors to conduct more careful examinations, potentially extending the audit duration and increasing the audit report lag (Prabowo & Zulfikar, 2024).

Signal theory explains that the level of leverage reflects a signal about the company's financial condition to investors. Low leverage is perceived as a positive signal (good news), while high leverage can be a negative signal (bad news) because it increases the risk of default. Although companies with high leverage face pressure from creditors to submit financial

reports in a timely manner, audit complexity due to high financial risk and verification of debt accounts often prolongs the audit process. The empirical findings of Eleazar & Ratih (2022), Firmansyah & Amanah (2020), and Gazali & Amanah (2021) show that leverage has a positive effect on audit report lag. Based on this description, the following research hypothesis is formulated:
H4: Leverage has a positive effect on audit report lag.

III. RESEARCH METHODOLOGY

A. Type of Research

This research is descriptive research with a quantitative approach. The quantitative research method is an approach based on the view of positivism and is used to examine a specific population or sample. Data is collected using research instruments that have been prepared, then analyzed numerically or statistically to test predetermined hypotheses (Sugiyono, 2022: 16). This approach uses data in the form of numbers and is analyzed using statistical techniques. In this study, the independent variables consist of the board of commissioners, institutional ownership, company size, and leverage, while the dependent variable is audit report lag.

B. Population and Research Sample

Population is the entire object or subject that is the scope of generalization and has a certain number and characteristics set by the researcher as the focus of observation in order to draw conclusions from the research results (Sugiyono, 2022: 126). The population in this study are property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2021-2023. Samples are some elements of the population that represent the number and characteristics of the entire population (Sugiyono, 2022: 127). If the population is large and it is not possible to study everything in the population, the results obtained from the sample can be used as a basis for drawing conclusions. Therefore, the sample taken from the population must be representative.

The sampling technique used in this study used purposive sampling. Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2022: 133). The criteria used as a basis for determining the sampling in this study are as follows: (1) Property and real estate companies listed on the Indonesia Stock Exchange in 2021-2023 in a row, (2) Property and real estate sector companies that publish annual financial reports and accessible audit reports for 2021-2023, (3) Property and real estate companies that have complete data on the variables used in this study.

C. Data Source and Collection Method

According to Sugiyono (2022), based on the data source, data collection techniques can use primary and secondary data. Primary data is information obtained directly by researchers from the original source. In contrast, secondary data is data obtained indirectly, for example through other parties or from certain documents. In this study, researchers used secondary data obtained from the official website of the Indonesia Stock Exchange (IDX). The data used includes annual financial reports and audit reports from each company.

The data collection technique in this study uses the document study method. Document study is a method used to collect data and information sourced from documents in the form of archives, books, pictures, or monumental works that support research (Sugiyono, 2022: 314).

In this study, the data used is in the form of a company's financial statements published on the official website of the Indonesia Stock Exchange.

D. Operational Definition and Measurement of Variables

This study uses 4 independent variables and 1 dependent variable. The independent variables used in this study are the board of commissioners, institutional ownership, company size, and leverage. Meanwhile, the dependent variable used in this study is audit report lag.

Independent Variable

Board of Commissioners

According to the Financial Services Authority Regulation No.33 / PJOK.04 / 2014), the board of commissioners is one of the organs in a public company that has the duty to oversee the running of the company, both in general and specifically, in accordance with the provisions in the articles of association. In addition, the board of commissioners also plays a role in providing advice to the board of directors regarding company management. In this study, the measurement of the board of commissioners was carried out using the formula used in Sari's research (2021), namely:

$$\text{Board of Commissioners} = \sum \text{Number of Board of Commissioners Members}$$

Institutional Ownership

Institutional ownership refers to share ownership owned by various institutions, such as governments, financial institutions, legal entities, foreign institutions, trusts, and other institutions of the total shares outstanding at the end of the year. With this ownership, institutions can monitor the development of their investments, so that the level of supervision over management becomes tighter and more effective in controlling company policies (Sipatuhar et al., 2022). In this study, the measurement of institutional ownership was carried out using the formula used in Sipatuhar et al.'s research (2022), namely:

$$\text{Institutional ownership} = \frac{\text{Number of share owned by institution}}{\text{Total outstanding share}} \text{x} 100\%$$

Company Size

Company size is the size of a company that can have an influence on the capital structure (Pratiwi & Suwarno, 2024). In this study, the measurement of company size is carried out using total assets from the financial statements of each company. The use of natural logarithms helps simplify the value of very large assets and prevents fluctuations or differences in data that are too far away, so it can be measured using the following formula (Wati & Priyadi, 2023):

$$\text{Company Size} = \text{Ln Total Assets}$$

Leverage

Leverage is the level of the company's ability to meet its financial obligations, both short and long term (Yanti et al., 2020). In this study, leverage measurement was carried out using the Debt to Asset Ratio (DAR). This ratio measures the proportion of the company's total debt, including short-term and long-term debt, to the total assets owned by the company. The formula used to measure the debt to asset ratio is (Siswanto, 2021: 28):

$$\text{DAR} = \frac{\text{Total liabilities}}{\text{Total aset}}$$

Dependent Variable

The dependent variable in this study is the audit report lag in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. Audit report lag shows the length of time it takes auditors to complete the audit process, which has an impact on the timeliness of submitting financial reports to the public. Delays in reporting can reduce investor confidence and affect investment decision making. In this study, audit report lag is measured based on the difference in days between the audit report date and the company's closing date, as used by Jayati et al. (2022), with the following formula:

Audit report lag = Audit Report Date - Book Close Date

E. Data Analysis Method

Data analysis in this study aims to assess the influence between variables based on data that has been collected on a ratio scale. The analysis stage begins with descriptive statistics to describe the characteristics of the data through measures of central tendency and distribution, without generalizing (Sugiyono, 2022). Furthermore, the classical assumption test is carried out to ensure that the regression model meets the Best Linear Unbiased Estimator (BLUE) criteria (Ghozali, 2018), which includes normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The normality test uses Kolmogorov-Smirnov with the Monte Carlo approach, the multicollinearity test is seen from the tolerance and VIF values, the heteroscedasticity test uses the Glejser method, and the autocorrelation test is carried out with the Run Test.

The next stage is multiple linear regression analysis to test the effect of the board of commissioners, institutional ownership, company size, and leverage on audit report lag. Hypothesis testing is carried out through the coefficient of determination (R^2) to assess the ability of the model to explain the dependent variable, the F test to determine the effect of the independent variables simultaneously, and the t test to test the effect of each independent variable partially. All statistical tests use a significance level of 5 percent, so the decision to accept or reject the hypothesis is based on the significance value and comparison of the calculated statistics with the relevant critical values.

IV. RESULT AND DISCUSSION

A. Normality Test Results

The normality test aims to test whether in a regression model, the dependent variable, the independent variable or both are normally distributed or not. To detect whether the data used in the study is normally distributed, namely by using the Kolmogorov-Smirnov test. One of the criteria in the Kolmogorov-Smirnov test is to see the significant value of Monte Carlo (2-tailed), if the resulting Monte Carlo Sig (2-tailed) value is greater than 0.05 then the data is normally distributed and if the resulting Monte Carlo Sig (2-tailed) value is smaller than 0.05 then the data is not normally distributed (Ghozali, 2018: 38). The results of the normality test can be seen in the table below:

Table 1. Normality Test Results

		Unstandardized Residual
N		135
Monte Carlo Sig. (2-tailed)	Sig.	1.174

Source: Primary Data Processing (2025)

Based on the test results in table 1, the significance value of Monte Carlo Sig. (2-tailed) of 1.174 or greater than 0.05, then the residual data in the regression model is normally distributed, which means that the normality assumption has been met.

B. Multicollinearity Test Results

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. The tolerance value and value inflation factor (VIF) are used to detect whether there is a correlation between independent variables, if the tolerance value of all variables is greater than 0.10 and the value inflation factor (VIF) of all variables is less than 10, then it is declared free from multicollinearity. The results of the analysis can be seen in the table below:

Table 2. Multicollinearity Test Results

Variable	Collinearity Statistics		Description
	Tolerance	VIF	
Board of Commissioners	0.587	1.702	Non Multicollinearity
Institutional Ownership	0.907	1.102	Non Multicollinearity
Company Size	0.603	1.659	Non Multicollinearity
Leverage	0.905	1.109	Non Multicollinearity

Source: Primary Data Processing (2025)

Based on the test results in table 2, it shows that the independent variables in this study produce a Variance Inflation Factor (VIF) value smaller than 10 and a tolerance value greater than 0.10. From the test results it can be concluded that there is no multicollinearity between the independent variables. Thus it can be stated that the regression model has met the multicollinearity requirements.

C. Heteroscedasticity Test Results

The heteroscedasticity test aims to test the regression model whether there is an inequality of variance from residuals in one observation to another. In this study, the heteroscedasticity test used the Glejser test by looking at the significance value. If the significance value of each variable is greater than 0.05, then this regression model does not experience symptoms of heteroscedasticity.

Based on the test results in table 3, it can be seen that the sig. value of all variables is> 0.05, so it can be concluded that there are no symptoms of heteroscedasticity in this regression model.

Table 3. Heteroscedasticity Test Results

Variable	Sig.	Description
Board of Commissioners	0.494	There are no symptoms of Heteroscedasticity
Institutional Ownership	0.926	There are no symptoms of Heteroscedasticity
Company Size	0.589	There are no symptoms of Heteroscedasticity
Leverage	0.391	There are no symptoms of Heteroscedasticity

Source: Primary Data Processing (2025)

D. Autocorrelation Test Results

The autocorrelation test aims to test whether in a linear regression model there is a correlation between residual errors in a certain period. In this study using the Run Test test to detect whether there is autocorrelation or not. If the significance value is greater than 0.05, then there are no symptoms of autocorrelation between the residual values. The results of the autocorrelation test can be seen in the table below:

Table 4. Autocorrelation Test Results

	Unstandardized Residual
Total Cases	135
Asymp. Sig. (2-tailed)	0.101

Source: Primary Data Processing (2025)

Based on the test results in table 4, it is known that the Asymp. Sig (2-tailed) value of 0.101 or greater than 0.05, it can be concluded that the regression model in this study does not have autocorrelation symptoms. Thus it can be stated that the regression model has met the autocorrelation requirements.

E. Multiple Linear Regression Test Results

The multiple linear regression test aims to show the effect of the relationship between the board of commissioners, institutional ownership, company size, and leverage on audit report lag. The results obtained after the multiple linear regression test can be seen in the table below:

Table 5. Multiple Linear Regression Test Results

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.842	0.183		26.477	0.000
X1	-0.029	0.010	-0.285	-2.825	0.005
X2	-0.238	0.060	-0.325	-4.002	0.000
X3	-0.006	0.007	-0.085	-0.856	0.394
X4	0.148	0.052	0.233	2.865	0.005

Source: Primary Data Processing (2025)

Based on the multiple linear regression results in table 5, the regression equation formed in this study is as follows:

$$Y = 4.842 - 0.029\ X1 - 0.238\ X2 - 0.006\ X3 + 0.148\ X4 + e$$

The above equation can be interpreted as follows:

1. The multiple linear regression equation has a constant value of 4,842, meaning that when the variable board of commissioners (X1), institutional ownership (X2), company size (X3), and leverage (X4) is 0, the audit report lag (Y) has a value of 4,842.
2. The coefficient value of the board of commissioners (X1) is -0.029, meaning that the audit report lag will decrease by 0.029 for every one increase in the number of commissioners.
3. The coefficient value of institutional ownership (X2) is -0.238, meaning that the audit report lag will decrease by 0.238 for every one increase in the value of institutional ownership.
4. The coefficient value of company size (X3) is -0.006, meaning that the audit report lag will decrease by 0.006 for every one increase in the value of company size.
5. The leverage coefficient value (X4) is 0.148, meaning that the audit report lag will increase by 0.148 for every one increase in leverage value.

F. Test Results of the Coefficient of Determination (R^2)

The coefficient of determination is used to measure the extent to which the independent variable can explain the dependent variable in a regression model. To assess the level of relationship, this study uses the adjusted R^2 value, which is presented in the table below:

Table 6. Convergent Validity Test Results

R	R Square	Adjusted R Square
0.472	0.223	0.199

Source: Primary Data Processing (2025)

Based on the analysis results in table 6, the adjusted R square value is 0.199. These results indicate that the audit report lag variable can be explained by the board of commissioners, institutional ownership, company size, and leverage variables by 19.9%. While the remaining 80.1% can be explained by other variables not discussed in this study.

G. F Test Results

The F test is conducted to determine whether the independent variables together or simultaneously have an influence on the dependent variable in a regression model. The F test is carried out with a significance level of 0.05 (α = 5%). If the F test results show a significance value of less than 0.05, then the regression model used is considered feasible. This shows that the independent variables can simultaneously explain the dependent variable. The results of the F test in this study can be seen in the following table:

Table 7. Cross Loading Results

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	0.641	4	0.160	9.312	0.000
Residual	2.236	130	0.017		
Total	2.877	134			

Source: Primary Data Processing (2025)

Based on the analysis results in table 7, the significance value of the F test is 0.000, so the regression model used can be said to be good because it is smaller than 0.05. It can be concluded that the independent variables used in this study, namely the board of commissioners, institutional ownership, company size, and leverage simultaneously have a significant effect on audit report lag.

H. T Test Results

The t test is conducted to determine how far the influence between independent variables individually or partially in explaining the dependent variable. This hypothesis testing uses a significance value of t of 0.05 (α = 5%) by comparing the t-count value with the t-table. If the t-count value is greater than the t-table value or sig. <0.05, it is concluded that the independent variable has a significant effect on the dependent variable. In other words, H0 is rejected and Ha is accepted. Conversely, if the t-count value is smaller than the t-table value or sig. > 0.05, it is concluded that the independent variable has no effect on the dependent variable. The results of the t test can be seen in the table below:

Table 8. T Test Results

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Description
	B	Std.Error	Beta			
Board of Commissioners	-0.029	0.010	-0.285	-2.825	0.005	Significantly Affected
Institutional Ownership	-0.238	0.060	-0.325	-4.002	0.000	Significantly Affected
Company Size	-0.006	0.007	-0.085	-0.856	0.394	Not Affected
Leverage	0.148	0.052	0.233	2.865	0.005	Significant Influence

Source: Primary Data Processing (2025)

Based on the analysis results in table 8, it can be explained as follows:

1. Board of Commissioners
   The first hypothesis (H_1) states that the board of commissioners has a negative effect on audit report lag. Based on table 4.12, the t test results between the board of commissioners (X1) and audit report lag (Y) show a significance value of 0.001 with a calculated t value of -2.825. These results indicate that H_0 is rejected and H1 is accepted because 0.001 <0.05. It can be concluded that the board of commissioners has a negative and significant effect on audit report lag, which means that the more the number of commissioners, the shorter the audit report lag will be.
2. Institutional Ownership
   The second hypothesis (H2) states that institutional ownership has a negative effect on audit report lag. Based on table 4.12, the t test results between institutional ownership (X2) and audit report lag (Y) show a significance value of 0.000 with a calculated t value of -4.002. These results indicate that H_0 is rejected and H2 is accepted because 0.000 <0.05. It can be concluded that institutional ownership has a negative and significant effect on audit report lag, which means that the higher the institutional ownership, the shorter the audit report lag.

3. Company Size
   The third hypothesis (H3) states that company size has a negative effect on audit report lag. Based on table 4.12, the t test results between company size (X3) and audit report lag (Y) show a significance value of 0.394 with a calculated t value of -0.856. These results indicate that $\mathbf{H_0}$ is accepted and H3 is rejected because 0.394> 0.05. It can be concluded that company size has no effect on audit report lag, which means that the size of the company does not determine whether the audit report lag will be shorter or longer.
4. Leverage
   Hypothesis four (H4) states that leverage has a positive effect on audit report lag. Based on table 4.12, the t test results between leverage (X4) and audit report lag (Y) show a significance value of 0.005 with a calculated t value of 2.865. These results indicate that $\mathbf{H_0}$ is rejected and H4 is accepted because 0.005 <0.05. It can be concluded that leverage has a positive and significant effect on audit report lag, which means that the higher the leverage, the longer the audit report lag will be.

I. Discussion

The Effect of the Board of Commissioners on Audit Report Lag

The t test results between X $_{(1)}$ (Board of Commissioners) and Y (Audit Report Lag) show a significance value of 0.005 with a calculated t value of -2.825, so H1 is accepted because the significance value is less than 0.05. This finding shows that the board of commissioners has a negative and significant effect on audit report lag, which means that the greater the number of commissioners, the shorter the audit completion time. This result is consistent with the research of Firmansyah & Amanah (2020), Sari (2021), and Prastyatini (2021), which concluded that the supervisory role of the board of commissioners, including the formation and effectiveness of the audit committee, can support the smooth audit process and accelerate the issuance of audit reports.

The findings of this study are in line with agency theory, which emphasizes that the board of commissioners plays a role in increasing the effectiveness of supervision over management so that potential conflicts of interest can be minimized and the audit process becomes more efficient. In addition, these results also support signal theory, where the timeliness of financial report submission is a positive signal to investors regarding the quality of governance and company performance. With effective supervision of the board of commissioners, audit report lag can be suppressed, thereby increasing investor confidence and market perceptions of the company.

The Effect of Institutional Ownership on Audit Report Lag

The t test results between X $_{(2)}$ (institutional ownership) and Y (audit report lag) show a significance value of 0.000 with a calculated t value of -4.002, so H2 is accepted because the significance value is smaller than 0.05. This finding proves that institutional ownership has a negative and significant effect on audit report lag, which means that the higher the proportion of share ownership by institutions, the shorter the time it takes auditors to complete the audit. This result is consistent with the research of Hardiningsih et al. (2021), Kristiana & Annisa (2022), Ardini et al. (2023), and Rahmah et al. (2023) which state that large institutional ownership increases the effectiveness of supervision of management and encourages the acceleration of financial report submission.

This finding strengthens agency theory, where institutional ownership acts as a supervisory mechanism that can suppress management's opportunistic behavior and reduce agency

problems that have the potential to cause delays in financial reporting. In addition, the results of this study are also in line with signal theory, which states that the timeliness of financial reporting is a positive signal for investors regarding the quality of governance and company performance. With pressure and supervision from institutional owners, management is encouraged to complete the audit process faster so that audit report lag can be minimized and market confidence in the company increases.

The Effect of Company Size on Audit Report Lag

The t test results between X $_{(3)}$ (company size) and Y (audit report lag) show a significance value of 0.394 with a calculated t value of -0.856, so H3 is rejected because the significance value is greater than 0.05. This finding shows that company size has no effect on audit report lag, which means that the size of the company's total assets does not determine the length of time it takes auditors to complete the financial statement audit process. These results are consistent with the research of Firmansyah & Amanah (2020), Eleazar & Ratih (2023), and Indriani & Wahyono (2021).

The insignificant effect of company size on audit report lag indicates that large and small companies still face the same audit standards and regulatory pressures, especially for companies listed on the Indonesia Stock Exchange. In addition, audit duration is more influenced by other factors such as transaction complexity, the quality of the internal control system, and the effectiveness of auditor performance than the size of the company's assets. Thus, company size is not a determining factor in accelerating or slowing down the completion of financial statement audits.

Leverage Effect on Audit Report Lag

The t test results between X $_{(4)}$ (leverage) and Y (audit report lag) show a significance value of 0.005 with a calculated t value of 2.865, so H4 is accepted because the significance value is smaller than 0.05. This shows that leverage has a positive and significant effect on audit report lag, which means that the higher the level of company leverage, the longer it takes auditors to complete the financial statement audit process.

This finding is in line with the research of Eleazar & Ratih (2023), Firmansyah & Amanah (2020), and Gazali & Amanah (2021) which state that leverage proxied by Debt to Asset Ratio (DAR) has a positive effect on audit report lag. The high level of debt reflects greater financial risk and relatively less stable financial conditions, thus encouraging auditors to increase prudence by expanding audit procedures, especially in verifying debt accounts and assessing the company's business continuity. From a signaling theory perspective, high leverage is a negative signal to investors because it increases the risk of default, which in turn can prolong the audit process and cause the audit report lag to be longer.

V. CONCLUSION

This study examines the factors that influence audit report lag. These factors include: corporate governance, company size, and leverage, while the proxies used for each of these variables are: board of commissioners, institutional ownership, natural log of total assets, and Debt to Asset Ratio (DAR).

Based on the results of this study, it can be concluded that the factors that influence audit report lag are the board of commissioners, institutional ownership, and leverage. The results of this study did not succeed in finding the effect of company size on audit report lag. The

most influential factor in determining audit report lag is institutional ownership, then respectively followed by the board of commissioners, leverage, and company size. This provides empirical evidence that when auditors carry out the audit process, they consider these factors because they can affect the length of time to complete the audit or audit report lag.

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