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AN EXAMINATION OF AUDIT REPORT LAG: COMPANY SIZE AS MODERATING VARIABLE

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Abstrak

Pengguna laporan keuangan menginginkan laporan yang andal dan tepat waktu karena keterlambatan penyampaian keuangan dapat menyebabkan kesalahan dalam mengambil keputusan ekonomi. Tujuan penelitian ini adalah untuk mengetahui pengaruh kinerja keuangan yang diukur melalui profitabilitas, solvabilitas, likuiditas, ukuran perusahaan, dan faktor lainnya yaitu reputasi auditor dan komite audit terhadap *audit report lag* dan peran ukuran perusahaan sebagai pemoderasi pengaruh tersebut.

Data dari laporan keuangan perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI) periode 2016 hingga 2020 digunakan dalam penelitian ini dan melalui metode *purposive sampling* didapatkan 140 perusahaan yang memenuhi kriteria yang telah ditentukan. Data diolah menggunakan *moderated regression analysis* dengan hasil pengolahan terhadap 700 data menunjukkan bahwa profitabilitas dan likuiditas, berpengaruh terhadap *audit report lag* dan ukuran perusahaan memoderasi pengaruh likuiditas terhadap *audit report lag* dan juga memoderasi pengaruh ukuran komite audit terhadap *audit report lag.*

Keywords: *audit report lag*, kinerja keuangan, komite audit, ukuran perusahaan

I. INTRODUCTION

The company's financial statements that have been audited by a Public Accounting Firm provide confidence to external parties because they have gone through an audit process in accordance with auditing standards and carried out by an independent party. There is an expectation that financial statements will be relevant and reliable. For companies listed on the Stock Exchange, audited financial statements are what investors are waiting for in order to make investment decisions in a timely manner based on reliable financial data. An increase in the benefits of using financial information for economic decisions can occur, among others, if the information is comparable, verified and presented in a timely manner. (DSAK IAI, 2016). The timely completion of reports from external auditors is influenced by factors such as the competence of the auditors and the availability of data from the company. The COVID-19 pandemic poses many restrictions and requires adjustments in all areas, including the deadline for submitting the Annual Financial Statements for companies listed on Indonesia Stock Exchange. The Financial Services Authority has extended the deadline for submitting the annual financial report to 31 May 2021 and the annual report to 30 June 2021 for financial statements year 2020, but 52 companies have not issued their audited financial statement as of June 2021. (Indonesia Stock Exchange, 2021)

Delay cases submitting audited financial statements could make investors decide wrong economic decisions. It is necessary to find the cause of delay in submitting audit reports on financial statements or audit report lag and moderating factors. Company size is the moderating variable in this research. As the company's size increases, the transactions, and activities will be more complicated, therefore, complete systems and procedures are needed so that the process of preparing financial reports is timely and reliable and the external auditor can carry out the audit process smoothly. Research of Putra and Wirakusuma (2022) show that firm size does not moderate the relation between profitability and audit report lag, but positively moderates the relation between leverage and audit report lag. While the results of Cahyati and Anita (2019) on manufacturing companies are solvency and profitability do not have a significant effect on audit report lag and the effect of auditor's opinion on audit report lag is strengthened by company size as a moderating variable although these variables do not moderate profitability on audit report lag and solvency against audit report lag. This is not in line with the research of Muliantari and Latrini (2017) that profitability and financial distress have a significant effect on audit report lag, but company size does not moderate the effect of profitability on audit report lag but moderates financial distress on audit report lag. Pratiwi (2018) shows that profitability and leverage have a significant negative effect on audit delay and firm size strengthens the effect of profitability and leverage on audit delay. The inconsistency of the results of previous studies increases the motivation of research to conduct research on the factors causing the occurrence of audit report lag, with company size as a moderating variable.

This research is the development of Putra and Wirakusuma's (2022) research. The addition of independent variables are liquidity, the reputation of public accounting firms, and audit committee size. Liquidity is an indicator that becomes an analytical tool for investors because it reflects the company's ability to meet short-term obligations with available current assets. Good liquidity is expected to shorten the audit report lag. Meanwhile, the increase in the reputation of the public accounting firm is because the audit process requires technical competence, namely knowledge, training, experience, and auditor behavior following applicable audit standards. Auditors from the big four public accountant firms are expected to have more standardized standards and stricter monitoring so that they are considered more reputable and will affect the audit process to be faster. The size of Audit Committee consists of an Independent Commissioner as chairman and its members consist of independent external parties so that the larger size of the audit committee is expected to shorten the audit report lag.

II. THEORETICAL FRAMEWORK AND HYPHOTESIS DEVELOPMENT

2.1 Agency Theory

The agency theory of Jensen and Meckling, (1976) states that the owner of the company (the principal) employs the agent (management) and with the aim that management serves the interests of the principal as much as possible, but in reality the agent does not always act in the best interest of the principal. Conflicts of interest between agents and principals can arise in asymmetric information. Management is considered to know more deeply about the financial condition of the company but they may not provide complete information to shareholders. The level of trust that principals have in their agents is impacted by the fact that different motivations and information asymmetries. As a consequence of the principal's inability to control the agent directly, Principals need independent accountant to attest the fairness of company's financial report and to reduce the information asymmetrics. Principals also need that the financial information will be delivered timely because the late of audit report will increase the agency problems. The independent auditor acts as a mediator between these two parties and should maintain their independence and responsible for providing an assessment of the fairness of the company's financial statements.

2.2 Signaling Theory

Signals are signs that can be observed directly or need to be studied. The presentation of audited financial statements, company policies or other information to the public by the management of a listed company is a form of signal presentation and is considered to be able to affect the company's stock price after it is announced to the public (Godfrey et al. 2010, 376). Investors will make decisions that are influenced by the quality of the information presented by the company in the published financial statements. Such information can be considered as a positive or negative signal. Stock prices will increase if they acquire a positive signal and qualified companies will give a signal through timely submission of financial reports. (Mukhtaruddin et al., 2015)

2.3 Audit Report Lag

Audit report lag is the number of days required for the auditor to audit the financial statements starting from the closing date of the company's book on December 31 to the date of the independent auditor's report (Komalasari et al., 2021). The company will present positive information as quickly as possible to avoid negative perceptions from investors. If there is a delay in the presentation of financial statements, it caused by the auditor needs more time to complete the audit and it can be indicated that there may have been problems such as errors and fraud in the financial statements. (Sartika, 2017) The length of time required by the auditor in the audit process and preparation of audited financial statements is caused by internal factors including profitability, company age, and solvency while internal factors can be caused by the quality of public accounting firms, and auditor tenure (Komalasari et al., 2021). In accordance with Financial Authority Services Regulation no 29/POJK.04/2016, issuers or Public Companies are required to submit The

Annual Report which contains, among others, the annual audited Financial Report to the Financial Services Authority at least by the end of the fourth month after the financial year end. (Otoritas Jasa Keuangan, 2016). But due to COVID-19 pandemic disease, Indonesia Stock Exchange determined the relaxation of the deadline for submitting Audited Financial Statements and Annual Reports.

2.4 Profitability and Audit Report Lag

Management took a full effort to integrate every aspects in company to achieve their optimum performance in achieving margin projection and an optimal balance of revenues. Profitability is the result of company performance obtained through sales, effective management of resources, sources of funds, decisions, and good management policies. (Cahyati and Anita, 2019). Profitability is the goal of each company because it will provide a positive response to outsiders and the company's stock price can increase. The presence of good news can empower management to encourage the financial audit process to be completed on time so that good news will be quickly conveyed to the public and will affect on expanding company’s share price and management’s compensation (Aigienohuwa and Uniamikogbo, 2021). Company’s loss shown as the company is in difficult financial position and management tends to postpone the announcement of their financial statements. The results of research conducted by Tannuka, (2018), Arifuddin et al., (2017) Saraswati and Herawaty, (2019) are that profitability has a positive and significant effect on audit report lag.

On the contrary, the results from Pratiwi (2018), Artaningrum et al., (2017), Firnanti and Karmudiandri, (2020), Lisdara et al., (2019), Muliantari and Latrini (2017), Mazkiyani and Handoyo, (2017), and Abdillah et al., (2019) are profitability has a negative and significant effect on audit report lag. Research from Margaretha and Suhartono (2016), and Cahyati and Anita, (2019) gives different results that there is no effect of profitability on audit report lag.

H1: Profitability has an effect on Audit Report Lag

2.5 Solvability and Audit Report Lag

To develop its business, the company can seek funding from external parties. One way to measure solvency is to compare total debt with total assets owned. Greater audit risk will arise if the company has financial risk, among others, due to the high level of debt so that the auditor needs to add audit procedures to evaluate going concern problems that may arise and how management plans to overcome them.(Abdillah et al., 2019). For companies with a high level of solvency, it can be a pressure for auditors to complete the audit process quickly because creditors need information in audited financial statements. (Yendrawati and Mahendra, 2018). Solvency has a positive effect on audit delay, which is the result of research conducted by Firnanti and Karmudiandri, (2020), Margaretha and Suhartono, (2016), and Artaningrum et al., (2017). Meanwhile, Widiastuti and Kartika, (2018), Abdillah et al., (2019), Pratiwi, (2018), and Yendrawati and Mahendra (2018) show that solvency has a negative and significant effect on audit report lag. Research from Tannuka, (2018), Mazkiyani and Handoyo, (2017), and Lisdara et al. (2019) shows that solvency has no effect on audit report lag.

H2: Solvability has an effect on Audit Report Lag

2.6 Liquidity and Audit Report Lag

Liquidity shows the availability of short-term assets to pay off the company's short-term obligations. Companies with a high level of liquidity indicate the company has adequate assets and a high ability to pay off its short-term obligations. Companies that have a higher level of liquidity expect to quickly convey good news to external parties, especially investors (Cahyadi, 2014). Liquidity has a negative effect on audit report lag according to research by Artaningrum, et.al (2017) and Cahyadi (2014). The results of research conducted by Yendrawati and Mahendra (2018) and Tannuka (2018) state that liquidity has no effect on audit report lag.

H3: Liquidity has an effect on Audit Report Lag

2.7 Company Size and Audit Report Lag

Big companies generally have better resources, information systems and management. These supports faster completion of financial reports (Margaretha and Suhartono, 2016) and small companies require longer audit times due to limited skills, systems, and employee competencies, making auditors need longer data collection times. Large companies encourage auditors to complete the audit process quickly so that the trust of users of financial statements is well maintained. (Butarbutar and Hadiprajitno, 2017). Arifuddin, et.al (2017), and Widiastuti and Kartika, (2018), provide research results which state that company size has a positive and significant effect on audit delay. Research by Atmojo and Darsono, (2017), Firnanti and Karmudiandri (2020), Margaretha and Suhartono (2016), Artaningrum, et.al (2017) states that company size has a significant and negative effect on audit report lag. Meanwhile, research conducted by Yendrawati and Mahendra (2018), Tannuka (2018), Butarbutar and Hadiprajitno (2017), Pratiwi (2018) and Mazkiyani and Handoyo (2017), shows that firm size has no effect on audit report lag.

H4: Company size has an effect on Audit Report Lag

2.7 Auditor Reputation and Audit Report Lag

With its international affiliation, as well as better technical staff and technology capabilities, the big four KAPs are assumed to have auditors who have better knowledge, master audit techniques and experience to carry out the audit process more efficiently, so that there are no delays in audit completion. (Widiastuti and Kartika, 2018). Research conducted by Tannuka (2018) states that the reputation of public accounting firms has a positive effect on audit report lag, while Mazkiyani and Handoyo (2017) give the results that the reputation of public accounting firms has a negative effect on audit report lag. The results of research conducted by Susianto, (2017), Butarbutar and Hadiprajitno (2017), and Atmojo and Darsono, (2017) state that KAP size has no effect on audit report lag.

H5: Auditor reputation has an effect on Audit Report Lag

2.8 Audit Committee Size and Audit Report Lag

Based on Regulation Of Financial Services Authority Number 55 /POJK.04/2015 about Establishment And Guidelines For Implementation Of The Audit Committee, The Audit Committee consists of at least 3 (three) members who came from the Independent Commissioner and parties from outside issuers or public companies. (Otoritas Jasa Keuangan, 2015)

The responsibility of the audit committee is to assist the Board of Commissioners in carrying out its supervisory function so that it can help shorten the process of issuing audited financial statements. (Butarbutar and Hadiprajitno 2017). Moreover, if the size of the audit committee is larger, then the supervision is expected to be better, and problems in the financial reporting process are identified and resolved more quickly. (Firnanti and Karmudiandri 2020). It is also expected to minimize the possibility of management manipulating financial data. (Atmojo and Darsono 2017).

Research conducted by Firnanti and Karmudiandri (2020), Pemayun and

Astika, (2021) and Atmojo and Darsono (2017) gave the results of the audit committee having a significant and negative effect on audit delay, but the results of research from Verawati and Wirakusuma (2016) and Butarbutar and Hadiprajitno (2017) stated that the size of the audit committee has no effect on audit report lag.

H6: Audit committee size has an effect on Audit Report Lag

2.9 Company Size Moderated The Effect Of Financial Performance, Auditor's Reputation And Other Factors On Audit Report Lag

Big companies have a larger number of assets. Systems and organizational structures are more complex and require more time in auditing to make sure company's operations run well and optimally and the company's goals can be achieved. Good corporate governance is needed to produce good performance and have a high level of compliance with regulations including in terms of financial reporting so that audit report lag can be minimized. The results of Pratiwi's research (2018) is firm size moderates the effect of profitability on audit report lag and moderates the effect of solvency on audit report lag. The effect of solvency on audit delay and research by Margaretha and Suhartono (2016), Cahyati and Anita, (2019), and Putra and Wirakusuma (2022) shows that there is insufficient evidence of firm size as a moderator of the effect of profitability with audit delay.

H7: Company size moderates the effect of profitability on audit report lag

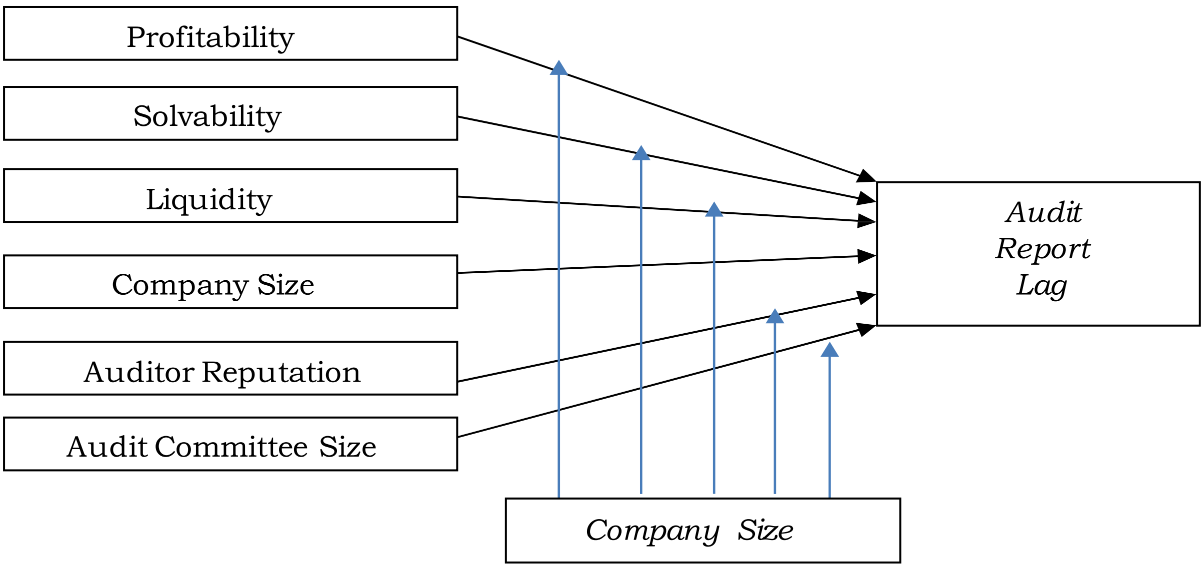
H8: Company size moderates the effect of liquidity on audit report lag

H9: Company size moderates the effect of solvency on audit report lag

H10: Company size moderates the influence of the reputation of a public accounting firm on audit report lag.

H11: Company size moderates the effect of audit committee size on audit report lag

2.10 Research Framework



Picture 1 : Research Framework

III. Research Methodology

3.1 Type and data Sources

This study uses non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020 as the sample. By following the sample selection criteria, 140 companies were selected as samples. The sampling method used is a purposive sampling method. The following is a sample selection procedure:

Table 1

Sample Selection Process

No	Sample Criterias	Total companies	Total Datas
1	Non-financial companies that are consistently listed on the Indonesia Stock Exchange in 2016-2020.	426	2130
2	Non-financial companies that do not consistently issue financial statements for the year ended December 31 in 2016-2020.	(31)	(155)

3	Non-financial companies that do not use rupiah currency in their financial statements during 2016-2020	(77)	(385)
4	Non-financial companies that did not earn consecutive profits during 2016-2020.	(178)	(890)
	Total Sample	140	700

Source: IDX data

3.2 Operational Variables Definition And Measurement

3.2.1. Audit Report Lag

Audit report lag is the number of days required for the auditor to audit the financial statements and preparing the audit report starting from the closing date of the company's books December 31 to the date of the independent auditor's report. (Putra and Wirakusuma, 2021) with the formula:

ARL = independent auditor's report date – financial statement date

3.2.2. Profitability

Profitability shows the company's ability to make a profit. (Putra and Wirakusuma, 2022). The computation is as follows:

$$ROA = \frac{Net\ Profit}{Total\ Asset}\ x\ 100\ \%$$

3.2.3. Solvability

Solvency describes the composition of financing owned by the company. (Pratiwi, 2018). Formula used is:

$$DTA = \frac{Total\ Debt}{Total\ Asset}\ x\ 100\ \%$$

3.2.4. Liquidity

Liquidity measures the company's ability to meet its short-term financial obligations by using its short-term assets. (Yendrawati and Mahendra, 2018), with the formula:

$$\text{Current Ratio} = \frac{Total\ Current\ Assets}{Total\ Current\ Liabilities}$$

3.2.5. Company Size

The indicators of company size are the number of assets, the number of sales of the number of subsidiaries, the number of employees (Arifuddin et.al 2017). The study uses total assets as the size of the company with the formula:

Firm Size = log (total asset)

3.2.6. Auditor Reputation

The reputation of public accounting firms is divided into two major groups, namely Public Accountant Firm affiliated with the Big Four and Public Accountant Firm not affiliated with the Big Four. (Abdillah et al 2019). Big four Public Accountant Firms are PriceWaterhouseCoopers, Deloitte, Ernst and Young, and KPMG. This variable is measured by a dummy variable, namely:

Non Big Four Public Accountant Firm = 0

Big Four Public Accountant Firm = 1

3.2.7. Audit Committee Size

A larger audit committee size is expected to improve the quality of supervision so that it can quickly find problems that occur. (Firnanti and Karmudiandri 2020). The audit committee in this study refers to the research of Firnanti and Karmudiandri (2020), namely:

KOM = number of audit committee members.

The regression analysis models in this study are as follows:

Model 1 :

$$ARL = \alpha + \beta 1\text{ROA} + \beta 2\text{DTA} + \beta 3\text{CR} + \beta 4\text{KAP} + \beta 5\text{SIZE} + \beta 6\text{KOM} + \varepsilon$$

Model 2 :

$$ARL = \alpha + \beta 1\text{ROA} + \beta 2\text{DTA} + \beta 3\text{CR} + \beta 4\text{KAP} + \beta 5\text{SIZE} + \beta 6\text{KOM} + \beta 7\text{ROA.SIZE} + \beta 8\text{DTA.SIZE} + \beta 9\text{CR.SIZE} + \beta 10\text{KAP.SIZE} + \beta 11\text{KOM.SIZE} + \varepsilon$$

Descriptions :

ARL	: *Audit Report Lag*
α	: Constanta
$\beta 1$-$\beta 11$	: Regression Coefficient
ROA	: Profitability
DTA	: Solvability
CR	: Liquidity
KAP	: Public Accountant Firm Reputation
SIZE	: Firm Size
KOM	: Audit Committee Size
ROA.SIZE	: ROA * SIZE
DTA.SIZE	: DTA * SIZE
KAP.SIZE	: KAP * SIZE
KOM.SIZE	: KOM * SIZE
ε	: Error

IV. Results and Analysis

4.1 Descriptive Statistics Analysis

The minimum, maximum, mean, and standard values are as follows:

Table 2

Descriptive Statistics

Variabel	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
ARL	700	22	172	79,89	21,9475
ROA	700	0,03	92,10	7,2502	7,4605
DTA	700	0,0035	0,93	0,4241	0,1893
CR	700	0,23	303,28	3,2154	13,9378
KAP	700	0	1	0,4157	0,4932
SIZE	700	11,1355	14,5465	12,6838	0,6595
KOM	700	1	7	3,0971	0,4433

Source: Data Processed

The average number of days of audit report lag is 79.89 or close to 80 days with a deviation of 21.9475, this means that the average sample of companies submitting audited financial statements does not exceed the deadline regulated by Government. The average profitability is quite good and also good solvency ratio which the percentage of total liabilities compared to total assets below 50% and liquidity ratio is above 3 indicates that the average sample company has good liquidity.

Table 3
Public Accountant Reputation

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	*Non Big Four*	409	58,4	58,4	58,4
	Big Four	291	41,6	41,6	100,0
	Total	700	100,0	100,0	

Source: Data Processed

From table 3, companies audited by non-big four Public Accountant Firm are 58.4% (409 data), while companies audited by big four Public Accountant Firm are 41.6% (291 data). This shows that more than 50% of the research sample has non big four big accounting firm as their external auditors.

Normality test has been done by Kolmogorov Smirnov test. The significant value is less than 0,05. It concludes that data distribution is not normal. Outlier test and data transformations has been conducted with the same results. Based on Gujarati and Potter, Central Limit Theorem supports a hypothetical defense for normality assumption that for big numbers of independent variables and indistinguishably disseminate random variables, their sum distribution gravitate to a normal distribution. The normality assumption may loosen up in the large sample size. (Gujarati and Porter, 2013)

4.2 Hyphotesis Tests

Based on the results of the moderated regression analysis, the following results were obtained:

Table 4
Summary of Hypothesis Testing results for model 1

Hyphotesis	Hypothesis Statement	Coefficient	Sig	Results
H1	Profitability has an effect on Audit Report Lag	-0,492	0,000	Accepted
H2	Solvability has an effect on Audit Report Lag	-6,438	0,165	Rejected
H3	Liquidity has an effect on Audit Report Lag	0,137	0,022	Accepted
H4	Auditor Reputation has an effect on Audit Report Lag	0,710	0,704	Rejected
H5	Company size has an effect on Audit Report Lag	-2,427	0,091	Rejected
H6	Audit committee size has an effect on Audit Report Lag	-0.478	0,804	Rejected
Adjusted R square				0.037

Source : Results of Data Processed

Profitability has a significance value of 0.000 which is smaller than 0.05 so it can be concluded that H1 is accepted. The coefficient value -0.492 means that profitability has a negative effect on audit report lag. The higher profitability means the companies will have a good prospect in the future and are more promising for investors and management tends to announce their good financial performances promptly. On the other side, it does not increase the audit risk, thereby shortening the audit report completion period and providing a positive signal for users of financial statements. This research result is in line with the results from Pratiwi, (2018), Artaningrum et al., (2017), Firnanti and Karmudiandri (2020), Lisdara et al., (2019), Muliantari and Latrini (2017), Mazkiyani and Handoyo (2017), and Abdillah et al. (2019) are profitability has a negative and significant effect on audit report lag.

Solvability has a significance value 0.165 which is higher than 0.05 therefore H2 is rejected. The size of the debt does not affect the audit report lag because seeking external sources of funds in the form of debt to develop the company is a common thing and management eager to report reliable financial statements timely so that the company still gets the trust of creditors and the public.

Liquidity has a significance value of 0.022 which is smaller than 0.05 so it can be concluded that H3 is accepted. The coefficient value of 0.137 means that liquidity has a positive effect on audit report lag. A bigger liquidity value prolongs audit report lag, because the auditor needs more time to ensure whether there is no material misstatement and the indication of fraudulent financial reporting involving current asset and current liabilities accounts.

Auditor Reputation has a significance value of 0.704 which is higher than 0.05 therefore H4 is rejected. It means that auditor reputation has no effect on Audit Report Lag. Non-big four public accountant firms also have good audit plan as well as big four public accountant firms. It's required by Audit Standard 300 (SA 300) effective for the period starting on (or) after 1st January 2013 that the auditor should identify potential problems, select a qualified audit team who have the ability and competency so the auditor can focus on the high-risk area. The auditor shall establish an overall audit strategy that defines the scope and timing, the direction of the audit (Institut Akuntan Publik Indonesia, 2013).

Company size has a significance value of 0.091 which is higher than 0.05. It can be concluded that company size has no effect on Audit Report Lag consequently H5 is rejected. It is not proven that big companies have better resources, superior governance and face greater external pressure to speed up financial audit process. According to Article 5 of the Otoritas Jasa Keuangan Regulation Concerning Submission Of Periodic Financial Statements Issuer Or Public Company, the Issuer or Public Company is required to submit an annual audited financial statement to the Financial Services Authority and announce to the public no later than the end of the third month after the annual financial statement date. (Otoritas Jasa Keuangan Republik Indonesia, 2021) therefore small-size companies listed on the stock exchange are also subject to the same pressure to issue audited financial reports on time.

Audit committee size has no effect on Audit Report Lag because the significance value is 0.804 higher than 0.05. It can be concluded that H6 is rejected. Audit committee size doesn't have significant role in audit report lag because of the duty and responsibility to conduct a review of the financial information, including financial statements, projections, and other financial information reports as required by the Financial Authority Services is not directly related to the size of the audit committee but rather to the effectiveness of the work of the Audit Committee team.

Based on the Moderated Regression Analysis test, the results are the following:

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Table 5
Summary of Hypothesis Testing results for model 2

Hyphotesis	Hypothesis Statement	Coefficient	Sig	Results
H7	Company size moderates the effect of profitability on audit report lag	-0,143	0,493	Rejected
H8	Company size moderates the effect of solvability on audit report lag	5,323	0,481	Rejected
H9	Company size moderates the effect of liquidity on audit report lag	0,784	0,037	Accepted
H10	Company size moderates the effect of Auditor reputation on audit report lag	1,468	0,635	Rejected
H11	Company size moderates the effect of Auditor Committee size on audit report lag	4,627	0,035	Accepted
Adjusted R square				0,043

Source: Results of Data Processed

The result of the Adjusted R square in model 1 is 0.037 smaller than model 2, 0.043. This means that model 2 explains the independent effect on the dependent variable better because it is strengthened by the moderating variable. Firm size moderates positively or strengthens the effect of liquidity on audit report lag. This means that H9 is accepted. This can be seen from the significance value is 0.037 which is smaller than 0.05 and the coefficient value is 0.784 which means that although large companies, in general are considered have good and reliable reporting systems, it still makes auditors take longer time to complete the audit process to believe that the value is reliable and free from material misstatements.

Firm size moderates positively or strengthens the audit committee influence on audit report lag because the significance value is 0.035, which is smaller than 0.05. This means that H11 is accepted. The task of the audit committee is to carry out supervision and is expected to make the audit completion process run faster. In large size company, audit committee need more time in carrying out supervision and conducting a review of financial information. Firm size doesn't moderate the effect of profitability, solvability, and auditor reputation on audit report lag.

V. CONCLUSION, LIMITATIONS, AND IMPLICATIONS

This study gives the results that profitability has a significant and negative effect on audit report lag. The good company's financial performance including its profitability gives confidence to the auditor in doing audit process and will shorten the audit report lag. Liquidity has a significant and positive effect on audit report lag. Although large liquidity reflects that the company does not experience difficulties in meeting its short-term obligations, the auditor needs more time to ensure that there are no indications of errors or fraud in reporting the liquidity. Firm size is proven to moderate the positive effect of liquidity and audit committee size on audit report lag, because large companies require longer time for auditors in the audit process, especially to ensure the reliability of company liquidity reporting. Firm size has been shown to positively moderate the effect of audit committee size on audit report lag, because large companies generally have audit committees consisting of individuals with a national reputation, with their busyness, audit committees need more time in carrying out supervision and conducting a review of financial information.

The limitation of this study is that the adjusted R2 value is small, which means that the ability of the independent variable to explain the dependent variable in the regression model is still more influenced by other factors that are not included in the research model such as financial difficulties and industry complexity. Another limitation is the research year is the year 2018-2020, when the COVID-19 pandemic took place. Audit report lag that occurs during the period can be caused by factors other than financial performance and auditor reputation, for example, due to Lockdown policies in several areas, Work from Home (WFH) systems, or shift work systems which can cause auditors to be constrained in carrying out fieldwork audits on schedule.

The implication for the company's management is that in order to meet the expectations of investors, creditors and the public to present audited financial reports timely, good financial performance is considered a significant factors and also good supervisory from the audit committee. Submitting audited financial reports according to the deadline will make the public believe that the company is not experiencing financial problems and other problems. Suggestions for further research is to add other independent variables that are able to explain the regression model well, among others financial distress, industry specialization and auditor switching and to compare the audit report lag before and during the pandemic to know whether the lag is caused by a pandemic or by company's financial performance.

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