

Audit Report Lag With the Public Accounting Firm's Reputation as Moderation

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ABSTRACT

This study examines the impact of audit quality, profitability, and solvency on audit report lag, with PAF's reputation acting as a moderating factor in LQ45 companies. Panel data analysis, combining time series and cross-sectional data, was conducted on all LQ45 companies over the period 2017-2021, using purposive sampling. Quantitative analysis employing panel data regression analysis through Eviews 10 software was employed. The findings reveal that audit quality, profitability, solvency, and PAF reputation positively and significantly influence audit report lag. Moreover, PAF reputation moderates the relationship between audit quality and audit report lag, showing a negative and significant effect. Similarly, PAF reputation moderates the relationship between profitability and audit report lag, also exhibiting a negative and significant impact. However, PAF reputation's moderation on solvency demonstrates a negative but nonsignificant effect on audit report lag. Recommendations for further research include deeper analysis of reputation as a variable, as it supports reducing audit report delays. Additionally, examining audit quality and Return on Assets in more depth using nominal variables, with audit quality measured through earnings management or discretionary accruals, is suggested. Furthermore, refining analytical techniques through transformation methods that combine linear and nonlinear forms within a regression model is recommended for future investigations.

Keywords: *Audit Quality; Profitability; Solvency; PAF Reputation; Audit Report Lag.*

INTRODUCTION

Financial statements are financial ratios namely profitability and solvency. To determine the level of effectiveness achieved by a company's operations can be seen from the profitability ratios in the financial statements of a company. Companies that get large profits tend to conduct a shorter audit process than companies that experience small profits. This is because companies that earn greater profits have no reason to delay the issuance of audited financial statements, they even tend to speed up the issuance of audited financial statements, because companies that experience greater profits will attract potential investors to buy shares which will cause an increase in share prices. Conversely, if the company earns a small profit it will try to slow down the issuance of audited financial statements. Previous research explained that the level of profitability can affect audit report lag. Presentation of information containing good news will not be delayed by a company (Tannuka, 2019). The good news must be immediately given to investors and related parties, so that companies that generate profits can reduce their occurrence audit report lag. An entity's financial position is influenced by controlled resources, financial structure, solvency and ability to adapt to environmental changes (Prasetyo, Indriani, & Widodo, 2020). In the same study, it was also explained that this solvency analysis can be carried out to measure a company's ability to settle all of its obligations, and can indicate the amount of capital issued by investors in generating profits. A number of companies can report the results of financial statement audits in order to gain the confidence of equity holders and to minimize the level of risk in returning equity.

In completing the audit report on the fairness of the company's financial statements until the



audit report is signed, it can be done at intervals between the closing date of the company's books, which is commonly referred to as audit report lag (Tampubolon & Siagian, 2020). Audit report lag can be a problem if the time span is too long which ultimately results in delays in submitting financial reports. The longer the range audit report lag can have a negative impact because it indicates the occurrence of a problem in the company's financial statements. The reputation of the Public Accounting Firm (PAF) is a view of the good name, achievements and public trust held by the PAF. Faster audit time is a way for PAF to maintain its reputation so as not to lose clients (Winarso, 2020). Related to increasing the credibility of reports, companies use PAF services with a good reputation. This is demonstrated by public accounting firms affiliated with large PAFs known by names Big four. As a larger and better known audit firm has more human resources than a small audit firm. These audit firms can carry out their audit work more quickly than smaller audit firms. These firms may develop audit specialization and industry expertise, which will ultimately result in more efficient audit work (Le, Tran, & Vo, 2021)

PAF's reputation as a mediating variable is based on various previous studies that audit report lag inseparable from the audit performance of a company where audit reputation is measured by the auditor's knowledge fee audit as well as the condition of the public accounting firm itself (Ege & Stuber, 2022). Based on findings (Qodri, Gamayuni, & Sudrajat, 2019) the findings of public accounting firms that are categorized as reputable have suggested that large PAFs produce better audit quality compared to small PAFs. Large PAFs tend to be more independent in disclosing and reporting client fraud. In line with this, it is explained that PAFs who have special knowledge about certain industries will produce high audit quality so that it will increase audit effectiveness based on audit report lag (Knechel & Sharma, 2012). Academic research is becoming increasingly concerned with influencing factors audit report lag as well as the development of effective corporate governance and financial reporting quality. Factors affecting range audit report lag can be caused by internal factors originating from within the company, such as company characteristics and also external factors which can come from independent auditors (Tampubolon & Siagian, 2020).

Public companies listed on the Indonesia Stock Exchange (IDX) are required to comply with the provisions set by the Capital Market Supervisory Agency, one of which is to submit financial reports that have been audited by an independent auditor. Reasons for selecting the company LQ45 to become the object of research is, there are several cases that have occurred related to delays in reporting financial reports by related companies. Reporting from (CNBC Indonesia, 2019), namely the Investment Coordinating Board (BKPM) noted a decline in the realization of foreign investment (PMA) due to sub-optimal performance. Deputy for Investment Implementation Control at BKPM, Farah Ratna dewi, explained that Foreign Investment (PMA) decreased by 2%, namely from IDR 107.9 trillion in the first quarter of 2019 to IDR 104.9 trillion in the second quarter of 2019. Delays in the presentation of financial reports by several companies listed on the Indonesia Stock Exchange (IDX) were a factor causing investment realization to slow down. In fact, aside from import exports and consumption levels, investment is also an important pillar to achieve the economic growth target.

The next phenomenon regarding audit report lag, that is, the occurrence windows dressing in December 2019. Reporting from (CNBC Indonesia, 2019), there were 6 LQ45 stocks whose performance was unsatisfactory and fell by more than 30%. Some of the stocks in the LQ45 index that were revealed to have experienced the deepest decline, reaching more than 30%, were the cigarette industry (HMSP and GGRM), coal (ITMG and PTBA), retail sales (LPPF), and pulp industry (INKP). Research about audit report lag This has been done by many previous researchers. However, there is diversity and difference in the results of these studies, so that the research on the influencing factors audit report lag This can still be re-examined in this study. This study intends to learn more about the influencing factors audit report lag and the factors used in this study are developments from previous research, namely (Megayanti & Budiarta, 2016) concerning the Effects of Auditor Change, Company Size, Profit and Loss and Type of Company on Audit Report Lag. The difference in this study is by adding the solvency and profitability opinion variables as suggested in previous studies. In addition, the object of this study is different from previous studies, namely LQ45 companies in 2017-2021. The selection period starts from 2017 in order to obtain valid data and ensure the length of time PAF auditors audit the company.

The difference in this study with previous studies is related to the reputation variable which is used as a moderating variable in influencing audit report lag which is different from many previous studies which made the independent variable without moderating the PAF reputation variable and measured audit quality in terms of audit tenure as in the study (Daratika, Zirman, & Rusli, 2018) which found that audit quality based on audit tenure had a significant effect on audit report lag. Meanwhile, the research by (Tampubolon & Siagian, 2020) examines audit report lag with audit committee variable as moderating variable. The findings of this study are profitability and solvency have a significant effect on audit report.

LITERATURE REVIEW

Effect of Audit Quality on Audit Report Lag. Discussion of audit report lag inseparable from agency theory. Agency relationships arise when one or more people(principal) hire other people(agent) to provide a service then delegate decision-making authority to the appointed agent thus audit quality has a relevant relationship with this theory, many studies explain that good audit quality will reduce audit report lag. While on the contrary, audit quality that is not good will improve audit report lag. This is summarized in several findings including (Naftali, 2022) found that audit quality has no significant effect on audit report lag whereas (Gazali, 2021) found that audit quality has a negative and significant effect in line with (Giyanto & Rohman, 2018) proving that audit quality has a negative and significant effect. Therefore, the hypothesis to be tested in this study is:

H1: Audit Quality Variable has a negative influence on the variable Audit Report Lag.

Effect of Profitability on Audit Report Lag. The relationship between profitability (ROA) and agency theory is if the company is good then the stakeholders consisting of creditors, suppliers, and also investors will see how far the company can generate profits from the company's sales and investment. Meanwhile, this is also related to the financial statements that will be audited, in general companies that experience losses will ask the auditor to arrange a longer audit time than usual. Conversely, if the company reports high profits, the company hopes that the audited financial statements can be completed as soon as possible. This is also relevant based on agency theory which explains the relationship principal and agent in certain interests. This is explained by several findings, including (Naftali, 2022) found that profitability has no positive and significant effect on profitability audit report lag whereas (Gazali, 2021) found that profitability has a negative and significant effect audit report lag in line with (Febrianti & Sudarno, 2020) proving that profitability has a negative and significant effect. Therefore, the hypothesis to be tested in this study are:

H2: Profitability variable has a negative influence on the variable Audit Report lag.

Effect of Solvency on Audit Report Lag. The explanation of agency theory on solvency is that investors or owners or principals tend to take on debt to increase capital, so that the company's capital increases because there is no obligation to pay off debt which is a burden to him and he will be responsible for the debt. When associated with Audit Report Lag solvency will affect the financial statements, especially the company's income statement, if the company's ability to pay its obligations is low, the auditor will generally be late in completing the audit report. This is illustrated in several findings including (Naftali, 2022) found that solvency has a positive and significant effect on audit report lag in line with (Febrianti & Sudarno, 2020) finding that solvency has a positive and significant effect on audit report lag different from the research by (Tampubolon & Siagian, 2020) which proves that solvency has a negative and significant effect. Therefore, the hypothesis to be tested in this study are:

H3: Solvency variable has a positive influence on the variable Audit Report Lag.

PAF Reputation Moderates the Effect of Audit Quality on Audit Report Lag. Audit and Quality Relations Audit Report Lag cannot be separated from the influence of the reputation of a public accounting firm which is an audit firm with a reputation Big Four tends to reduce audit report lag due to having good finances to get human and material resources to complete the audit within given time. This is in accordance with several findings including previous finding that the PAF reputation variable moderates the effect of audit quality on Audit Report Lag positively and significantly. In line with (Prabasari & Merkusiwati, 2017) found that the PAF reputation variable moderated positively and significantly audit report lag in line with research by (Tampubolon &

Siagian, 2020) proving that the reputation of PAF has a positive and significant effect. Therefore, the hypothesis to be tested in this study are:

H4: PAF's Reputation Variable moderates the effect of Audit Quality on Audit Report Lag.

PAF Reputation Moderates the Effect of Profitability on Audit Report Lag. The Public Accounting Firm (PAF) will carry out audit procedures in accordance with applicable standards in order to produce quality financial reports and information that can be used as a basis for decision making, good audit quality certainly does not occur audit report lag the long one. Companies that use PAF big four tend to be preferred by investors because they are considered to produce better audit quality. Bigger and better audit companies are known to have a lot of resources so that they will affect the profitability of a company. Companies with profitability tend to look for quality audits and speed up their audit reports. In general, the PAF's reputation as a moderating variable has a positive direction, a reputable Public Accounting Firm will provide acceleration in the process of auditing a company's financial statements. This is illustrated in several studies that analyze the influence of profitability on audit report lag can be strengthened by PAF's reputation. The same is the case with research results (Prabasari & Merkusiwati, 2017) which states that PAF's reputation moderates the effect of profitability on audit report lag. Therefore, the hypothesis to be tested in this study are:

H5: PAF Reputation Variable moderates the influence of Profitability on Audit Report Lag.

PAF Reputation Moderates the Effect of Solvency on Audit Report Lag. Solvency Relationship and Audit Report Lag Of course, it is influenced by the reputation of a public accounting firm, which company is audited by a well-known auditor Big Four tends to reduce audit report lag because this company has the ability, knowledge and audit experience that is no longer in doubt, thus the company is audited by an auditor Big Four will have the ability to pay their debts better and have the ability to pay for a reputable audit which will ultimately have an impact on a faster audit report. This is in line with several findings including (Prabasari & Merkusiwati, 2017) finding that the PAF reputation variable moderates the effect of solvency on Audit Report Lag positively and significantly. In line with previous research found that the PAF reputation variable moderates positively and significantly audit report lag. Therefore, the hypothesis to be tested in this study are:

H6: PAF's Reputation Variable moderates the influence of Solvency on Audit Report Lag.

METHOD

This study aims to examine the effect of the independent variables, namely the Effect of Audit Quality, Profitability and Solvency on Audit Report Lag with PAF Reputation as Moderation. The population in this study is LQ45 companies that are listed on the IDX for the 2017-2021 period. The research period used is five years, from 2017 to 2021. This is because in the 2017-2021 range, there have been many cases of delays in reporting Financial Statements to companies related to research objects. In addition, data usage up to date It is also expected to be able to describe the current conditions, so that it is more relevant to the year of research. This research uses a type of quantitative data, namely the company's annual report LQ45 from 2017-2021 published in website AT (www.idx.co.id). The data source in this study is a secondary data source. Secondary data is data obtained through second hand or in other words this data requires an intermediary (indirectly) to obtain it. The population selected in this study is LQ45 companies listed on the Indonesia Stock Exchange in 2017-2021. The reason for selecting this population is because in that time span there were LQ45 companies that were suspected of practicing it audit report lag. This is in line with the purpose of this research, namely to determine the effect Audit Quality, Profitability and Solvability to Audit Report Lag with PAF Reputation as Moderation. Samples were selected using Purposive Sampling where in the selection of samples requires certain considerations or criteria so that the data obtained is more accurate. Following are some of the requirements for being a sample in this study:

Table 1. Sample Details

| No | Sample Criteria | Number of Companies |
|---|---|---------------------|
| 1 | LQ45 Index Company listed on the Indonesia Stock Exchange in 2017-2021 | 45 |
| 2 | Inconsistent LQ45 index companies listed on the IDX before 31 December 2017 to 31 December 2021 | (3) |
| 3 | LQ 45 index companies that do not provide complete financial statement information for the 2017-2021 period | (3) |
| 4 | Companies that experienced losses during the 2017-2021 period | (10) |
| Number of Samples per Year | | 29 |
| Number of Observations (2017-2021) | | 145 |

Source: Indonesia Stock Exchange, 2022

The data analysis technique used in this study uses panel data (pool data) so that the regression is called Panel Data Regression Model. Panel data is a combination of data over time (time series) with data between individuals or spaces (cross section).

Furthermore, the data is processed using statistical data processing tools, namely EViews 10. The panel data regression equation in this study is:

$$ARL = \alpha + \beta_1 KUAUD + \beta_2 ROA + \beta_3 DER + \beta_4 (KUAUD.PAF) + \beta_5 (ROA.PAF) + \beta_6 (DER.PAF) \dots\dots\dots (1)$$

Where α is the constant and β is the estimated parameter for independent variable regression coefficient. ARL refers to Audit Report Lag, KUAUD is the quality of audit. ROA is Return on Assets to measure profitability, DER is Debt to Equity Ratio to measure solvency. Moreover, PAF Reputation as moderating variable known as PAF, while KUAUD.PAF stand for interaction between PAF Reputation with Audit Quality, ROA.PAF for PAF Reputation Interaction with Return on Asset, and lastly DER.PAF for interaction of PAF Reputation to Debt to Equity Ratio

RESULT

Descriptive statistical analysis aims to provide an overview or description of a data. This analysis was carried out using the average value (mean), standard deviation, variance, maximum and minimum of the data obtained.

Table 2. Results of Descriptive Statistical Analysis

| Descriptive statistics | AND | X1 | x2 | X3 | X4 |
|------------------------|----------|----------|-----------|----------|----------|
| Mean | 73,64828 | 0,496552 | 0,047482 | 0.752702 | 1,896552 |
| Minimum | 78,00000 | 0,000000 | 0,036223 | 0.790800 | 2,000000 |
| Maximum | 114,0000 | 1,000000 | 0,467000 | 0.966500 | 3,000000 |
| Std. Dev. | 29,00000 | 0,000000 | -0,176000 | 0.366964 | 1,000000 |
| Obs | 145 | 145 | 145 | 145 | 145 |
| < \bar{x} | 81 | 57 | 65 | 72,5 | 64 |
| | 56 (%) | 39 (%) | 45 (%) | 50 (%) | 44 (%) |
| > \bar{x} | 64 | 88 | 80 | 72,5 | 81 |
| | 44 (%) | 61 (%) | 55 (%) | 50 (%) | 56 (%) |

Source: Research results, 2023

Based on Table 2, it is known that there were 145 research samples used to process data within a 5-year period, namely from 2017 to 2021 there were 29 LQ45 companies as research samples. Based on Table 2, the dependent variable is Audit Report Lag (ARL) has a maximum value of 114 days and a minimum value of 78 days with an average of 73 days with a data equivalent value of 29. Based on the average value it can be described in terms of the proportion of research samples that have audit report lag below average and above average, as much as 55.6 percent of companies own audit report lag below the average, the rest are categorized as having value audit report lag

above the average of 44.4 percent.

The results of this study also describe descriptive statistics based on the independent variables which are explained as follows. Variable KUAUD is audit quality which is described based on the company using PAF the big four with a percentage of 61 percent using PAF the Big Four as the remaining auditors do not use 39 percent do not use the services of PAF auditors the big four.

The second independent variable, namely ROA, has a maximum value of 46.7 percent and a minimum value of 3.6 percent. The average value of ROA is 4.7 percent with a data value of -0.176. Based on the average value, it can be described in terms of the proportion of research samples that have below average and above average ROA values, as many as 55 percent of companies have above average ROA, the rest are categorized as having below average ROA values, namely 55 percent.

The third independent variable, namely DER, has a maximum value of 96.6 percent and a minimum value of 79 percent. The average DER value is 75.2 percent with a data equivalent value of 0.336. Based on the average value, it can be described in terms of the proportion of the research sample that has a DER value below the average and above the average, as many as 50 percent of companies have a DER value below the average, the rest are categorized as having a DER value above the average, which is 50 percent.

PAF reputation as measured based on PAF's age with a maximum value of 3 which is categorized as more than five years, while the minimum value is more than 3 years while the average value shows PAF's reputation based on age of 1.89 or which is categorized as more than three years. Based on the average value, it can be described in terms of the proportion of the research sample that has PAF reputation below average and above average, as many as 44 percent of companies with PAF reputation below the average, the rest are categorized as PAF reputation above the average, namely 56 percent.

Results Selection of the best model based on test results Chow, Hausman and Lagrange Multiplier. The results of the model selection show that the selected model is Fixed Effect Model. Results Common Effect Model (CEM) statistically all independent variables that have no significant effect on the dependent variable. In line with this the estimation results Random Effect Model (REM) showed the same results as the test Common Effect Model (CEM) which shows five variables that are not significant. Based on model testing Chow, the best model is the Fixed Effect Model. Based on the results of the regression equation, it can be analyzed the effect of each independent variable on the dependent:

$$AND_{it} = 52.704 - 4,068X1_{it} - 25.69x2_{it} + 26.22X3_{it} + 1.94X4_{it} - 3.11Z1_{it} - 13.024Z2_{it} - 0.0659Z3_{it} \dots\dots\dots (2)$$

$$(t - tstat) (10.19) *** (3.67) *** (3.726) *** (3.805) *** (-5.56) *** (-2.30) *** (-1.598) ** \dots\dots\dots (3)$$

| | | | |
|------------|------------------|----------|------------------|
| R2 | = 0.8309 / 83.09 | D-W stat | = 1.95 |
| F-stat | = 15.214 | *** | = significant at |
| Prob Fstat | = 0.000 | α | = 1 % |

DISCUSSION

Effect of Audit Quality on Audit Report Lag. The estimation results show that audit quality has a positive and significant effect on audit report lag, thereby increasing audit quality will increase audit report lag. In the perspective of agency theory, audit quality in terms of management of Big Four companies has a positive and significant effect on audit report lag. As previously explained, agency theory assumes that there is a conflict of interest between the owner and management of the company which can result in the actions of agents (management) that are detrimental to the interests of the principal (owner). In this case, audit quality from the management side of the company Big Four can help minimize the conflict of interest by providing an independent and objective audit opinion regarding the fairness of the presentation of financial statements. In conducting audits, companies Big Four have strict audit standards and a good quality control system to ensure the quality of audits conducted by auditors. This can help strengthen the independence of the auditor in conducting the audit and ensure that the audit opinion given is independent and objective. Some studies also show that firms are audited by audit firms Big Four own audit report

lag which is shorter than the companies audited by the audit firm non-Big Four. This could be due to the better audit quality of the Big Four companies, allowing the auditor to complete the audit more quickly. This is summarized in several findings including (Naftali, 2022) found that audit quality has no significant effect on audit report lag whereas (Giyanto & Rohman, 2018) proving that audit quality has a negative and significant effect. Based on agency theory, it also recognizes the costs and risks associated with implementing independent oversight mechanisms such as audits. These costs and risks include expensive audit fees, the risk of losing a client if the audit results are not as expected, and the risk of the auditor's reputation associated with fraud or irregularities in the client's financial statements. In this case, companies Big Four must be able to balance the costs and risks associated with the audit with the quality of the resulting audit, so as to provide maximum benefits for clients and users of financial statements.

Effect of Profitability on Audit Report Lag. Statistical results show that Profitability has a positive and significant effect on audit report lag thus if there is an increase in profitability will increase audit report lag. There are several studies which state that company profitability has a positive and significant influence on audit report lag. According to the perspective of economic theory, companies that are more profitable tend to have better internal control systems and more accurate and complete financial information. This can make it easier for the auditor to conduct an audit and speed up the audit process so as to reduce audit report lag. In line with several research, it shows that company profitability has a positive and significant effect on audit report lag. The results of this study indicate that companies that are more profitable tend to have better internal control systems, making it easier for auditors to conduct audits and speed up the audit process so as to improve audit report lag. This is also explained by several findings including (Naftali, 2022) found that profitability has no positive and significant effect on profitability audit report lag. However, keep in mind that the influence of profitability on the audit report lag not always consistent and may vary depending on the conditions and characteristics of the company. Several other factors such as company size, operational complexity, and the level of company business risk can also influence audit report lag. In addition, even though profitability can make it easier for the auditor to conduct an audit and speed up the audit process, the auditor still has to ensure that the financial information presented by the company meets strict and objective auditing standards. The auditor must also pay attention to the existence of moral risks and conflicts of interest that can affect the company's profitability and must ensure that the financial statements presented are in accordance with generally accepted accounting principles.

Influence of Solvency Against Audit Report Lag. Statistical results show that solvency has a positive and significant effect on audit report lag thus if there is an increase in solvency will increase audit report lag. In several empirical studies, it was found that solvency has a positive and significant effect on audit report lag. This means that the higher the level of solvency of a company, the audit report lag generated by the auditor tends to be faster. Several theories that support this relationship are agency theory and signaling theory. Agency theory suggests that companies that are more solvable tend to have more internal controls and have a better ability to manage risk, making it easier for auditors to conduct audits and produce results audit report accurate and fast. Meanwhile, signaling theory suggests that companies that are more solvable tend to have a better reputation in the eyes of creditors and investors, making it easier for auditors to collect the required audit evidence and produce audit report fast. This is illustrated in several findings including (Naftali, 2022) found that solvency has a positive and significant effect on audit report lag, different from the research by (Tampubolon & Siagian, 2020) which proves that solvency has a negative and significant effect.

PAF Reputation Moderates the Effect of Audit Quality on Audit Report Lag. The estimation results show that PAF's reputation is proven to significantly moderate the effect of audit quality on audit report lag. Several studies suggest that the reputation of PAF (Public Accounting Firm) can moderate the effect of audit quality on audit report lag. In this context, PAF's reputation is measured based on PAF's experience in conducting audits. Agency theory and signaling theory can support this relationship. Agency theory suggests that auditors from PAFs with a good reputation tend to have better capabilities and resources in managing audit risk, so they can produce audit reports more quickly and accurately. Meanwhile, signaling theory suggests that auditors from

PAFs with a good reputation tend to provide a stronger signal about the quality of audit reports and can influence the perceptions of creditors and investors about the quality of the company, so as to accelerate audit report lag. In this context, PAF's reputation can moderate the effect of audit quality on audit report lag namely (1) PAF has a good reputation, so auditors tend to have better capabilities and resources in managing audit risk and produce faster and more accurate audit reports. Conversely, if the PAF has a bad reputation, the auditor tends to have limitations in managing audit risk and takes longer to produce an audit report (2) PAF has a good reputation, the audit report produced by the auditor tends to have a stronger signal about the quality of the company, so as to speed up audit report lag. Conversely, if the PAF has a bad reputation, the signals provided by the audit report tend to be weak and take longer to process. In conclusion, PAF's reputation can moderate the effect of audit quality on audit report lag. Auditors and PAFs must pay attention to their reputation in conducting audits and ensure that the audit reports produced are of good quality and provide a strong signal about the quality of the company. This is in accordance with several findings that the PAF reputation variable moderates the effect of audit quality on Audit Report Lag positively and significantly. In line with (Tampubolon & Siagian, 2020) proving that PAF's reputation has a positive and significant effect.

PAF Reputation Moderates the Effect of Profitability on Audit Report Lag. The estimation results show that PAF's reputation is proven to significantly moderate the effect of profitability on audit report lag. Effect of PAF reputation on the relationship between profitability and audit report lag more likely to be negative and significant. Agency theory states that the auditor acts as an agent for the company owner to ensure that the company's financial statements are presented correctly and in accordance with applicable accounting standards. In this case, the auditor will pay more attention to audit quality and tend to reduce audit risk. Auditors who have a good reputation will be valued more by company owners because they can provide higher confidence about the quality of financial statements. Therefore, auditors with a good reputation tend to be more careful and examine more thoroughly, so it takes longer to complete the audit. This is illustrated in several studies that analyze the influence of profitability on audit report lag can be strengthened by PAF's reputation. The same is the case with the research results of (Prabasari & Merkusiwati, 2017) which states that PAF's reputation moderates the effect of profitability on audit report lag.

PAF Reputation Moderates the Effect of Solvency on Audit Report Lag. The estimation results show that PAF's reputation is proven to significantly moderate the effect of solvency on audit report lag. Based on the theory, the effect of PAF's reputation on the relationship between solvency and audit report lag tends to be positive and significant. However, there is a possibility that solvency may reduce audit report lag in certain situations, where the company has a high level of solvency and can provide greater assurance to the auditor about the company's ability to meet financial obligations in the long term. In these situations, auditors with a good reputation tend to feel more comfortable evaluating a company's financial statements and can reduce the time needed to complete the audit. Therefore, the influence of PAF's reputation as a moderator can reduce the influence of solvency on audit report lag. However, it is important to note that the influence of solvency on audit report lag is not always negative, and can vary depending on different conditions and situations. Therefore, further research is needed to deepen the understanding of how PAF's reputation moderates the effect of solvency on audit report lag from a theoretical point of view. This is in line with several findings that the PAF reputation variable moderates the effect of solvency on Audit Report Lag positively and significantly. Good audit quality does not affect the company's solvency and acceleration capabilities audit report.

CONCLUSION

After all, it can be concluded that Audit Quality, Profitability, Solvability, and KAP Reputation have a positive and significant effect on Audit Report Lag. KAP Reputation Moderation on Audit Quality, Profitability, and Solvability have a negative and significant effect on Audit Report Lag. Recommendations for further research are to analyze reputation as a deeper variable because this variable supports a decrease in audit report delays. While the variables of Audit Quality and ROA need to be studied more deeply by using nominal variables to measure audit quality using earnings management or discretionary accruals. As well as related to the improvement of analytical

techniques, it is necessary to carry out an analysis using a transformation method that combines linear and non-linear forms in a regression model.

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