International Journal of Multidisciplinary Sciences and Arts

E-ISSN :2962-1658
Volume 4, Number 2, April 2025
https://doi.org/10.47709/ijmdsa.v4i2.5904

Factors That Cause Audit Report Lag For Issuers In The Energy Sector On The Idx For The Period Of 2021 To 2023

Juan Carlos Pangestu[1*], Pamella Octavia[2]
[1,2]Bunda Mulia University, Jakarta , Indonesia
[1] Juancarlospangestu@gmail.com, L1683@lecturer.ubm.ac.id

***Corresponding Author**

Article History:
Submitted: 15-05-2025
Accepted: 25-05-2025
Published: 12-06-2025

Keywords:
Audit report lag, Liquidity, KAP Reputation, Audit Committee Size, ROA

ABSTRACT

The Audit Report Lag is a concern for stakeholders in decision-making, whether it is investing, selling shares, making acquisitions, and determining other policies. Audited financial statements are important in decision-making because they describe the financial activities and performance of the company. This study aims to examine the factors that cause Audit Report Lag in Energy Sector Companies at the IDX for the 2021-2023 Period. The results show that only the audit committee size variable has a significant negative effect on Audit Report Lag. Other variables do not have a significant effect on Audit Report Lag. The Sig F value is 0.047 <0.05 so it can be concluded that simultaneously there is a significant influence of the independent variables on financial distress. Further research is recommended to use non-financial variables such as Good Corporate Governance or environmental variables.

INTRODUCTION

The Audit Report Lag is a concern for stakeholders in decision-making, whether it is investing, selling shares, making acquisitions, and determining other policies. Audited financial statements are important in decision-making because they describe the financial activities and performance of the company. Financial Report is the final result of the accounting cycle which is a record of financial information used to describe the financial condition of the company as information for external and internal parties of the company (Surjadi et all, 2024). Financial statements are one of the references used by investors to consider whether a company is worth investing in (Theresia & Setiawan, 2023). Audit Report lag is a delay in reporting audited financial statements. The time span is measured from the end of the financial year to the publication of the financial statements. The length of the audit report lag that occurs affects investor decision-making, because the delay in information to investors can affect investor confidence in the capital market (Pangestu & Pangestu, 2022). In POJK Number 3 / POJK.04 / 2021 which acts as a replacement for PP No. 45 of 1995, the Fine for Late Submission of Financial Reports has increased for both large and medium-sized issuers. This fine is given with the aim of complying with the regulations on the time of submission of financial reports. The increase in fines for late submission of financial reports does not eliminate the delay. This is indicated by the fact that issuers are still late in reporting for 2023 in 2024. Research conducted by several researchers both in Indonesia and internationally has not obtained consistent research results regarding the variables that affect the timing of audit reporting. Financial reports must be published in a timely manner so that the information that the company wants to convey from its financial reports does not lose the relevance of information to describe the financial condition of the company, where if the company's financial reports are published faster to investors, it will enable investors to make economic decisions (Pangestu & Hati, 2024).

LITERATURE REVIEW

Signal theory shows that all activities or actions taken by management or companies will provide signals or instructions for interested parties such as investors or customers to make decisions. The timing of financial reporting is one of the actions that is considered by the parties because it is a signal whether the company is experiencing problems or not in its internal (Tjahyadi & Pangestu, 2023). Delays in audit reporting will cause suspicions of problems in the audit process or in the financial statements. The parties interested in the report Audited finance requires information before deciding its importance. This delay in reporting can also eliminate the relevance of the information.

The Effect of Debt to Equity on Audit Report Lag

The process of auditing accounts payable requires a long time and the discovery of more complex audit evidence against the company's creditors. So that the audit process requires a longer time and has an impact on the audit report lag.

H1 : Debt To Equity has a significant effect on Audit Report Lag

E-ISSN :2962-1658
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The Effect of Audit Committee Size on Audit Report Lag

The audit committee has the task of supervising management performance so that it continues to run in accordance with the goals and the company. The greater the number of audit committees that unite in the committee will help the efficiency and effectiveness of the committee in supervision so that the financial reports that have been worked on by management will be more reliable. The audit reporting time will be faster because it is not uncommon to find problems that require further handling time..

H2: Audit Committee Size Has a Significant Influence on Audit Report Lag

The Effect of Audit Committee Activities on Audit Report Lag

Audit committee meetings are a means of communication and coordination between audit committee members in carrying out their duties as management supervisors. If the audit committee holds meetings frequently, the supervision carried out will be better and more effective so that the audit will be faster because problems are rarely found in the audit.

H3: Audit Committee activities have a significant impact on Audit Report Lag

The Effect of KAP Reputation on Audit Report Lag

The type of Public Accounting Firm (KAP) can be determined through the Size of the KAP. A larger KAP will have more resources and be more competent so that it will be more motivated to maintain its reputation by conducting shorter audits..

H4 : KAP Reputation have a significant impact on Audit Report Lag

The Effect of Liquidity on Audit Report Lag

The better the company's liquidity, the smaller the audit report lag will be because the company will try to show investors the good condition of the company so that the company will encourage auditors to speed up their audits..

H5 : Liquidity have a significant impact on Audit Report Lag

The Effect of Return on Assets on Audit Report Lag

The greater the company's ability to generate profits, the more sales transactions there will be in the company. With large profits, there will be demands from management to speed up providing good news to the public. But on the other hand, auditors will be more careful in looking at every detail of existing sales, whether the sales really happened or were just fictitious sales so that the company could generate profits. Because of this caution, the audit report will take a long time to complete.

H6: ROA have a significant impact on Audit Report Lag

METHOD

The objects of this study are the Annual Report and Financial Statement published on the Indonesia Stock Exchange (IDX) website. Meanwhile, the research subjects used in this study are Energy sector companies listed on the IDX from the period 2021-2023. The research data used in this study are secondary data obtained from audited financial reports and annual reports of energy sector companies. Financial reports and annual reports were obtained from the IDX website and company websites. Literature studies were also conducted through books, various articles, journals, and other sources. The population is the set of all sample units in the generalization area of the study. The research and testing methods used are the Purposive sampling method, Classical assumption testing, Multiple regression analysis test and Partial test.

Table 1. Variable Indicator

Variable	Variable Indicator (Proxy)	Reference
Audit Report Lag (Y)	Independent Audit Report Date – Date Financial Year Closing	(Tjahyadi & Pangestu, 2023).
Debt To Equity (X1)	$\frac{\text{Total Debt}}{\text{Total Equity}}$	Seliany, et.al (2024)
Audit Committee Size (X2)	*Audit Committee Size*	Pangestu & Hati (2024)
Audit Committee Activities (X3)	Frequency of Audit Committee Meetings in each period	Rosalia & Ardini (2019)
AP Reputation *(X4)*	0 : Non Big four KAP 1: Big four KAP	Ervina & Salim (2021)
Liquidity (X5)	*Current Ratio*	Pangestu & Hoesada (2018).
Return On Assets (X6)	$\frac{\text{Net Income}}{\text{Total Assets}}$	Pangestu & Hoesada (2018).

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RESULT

By using the purposive sampling method, the total data obtained for observation is 60 samples of company data analysis units that are the research data (after outliers). The samples taken are in the form of financial reports and annual reports of Issuers in the Energy sector on the IDX for the period 2021 to 2023.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DebtToEquity	60	-29.143	15.047	.94788	5.417234
ukKomAudit	60	1	4	2.98	.431
FrekKomAudit	60	0	34	6.15	6.767
ReputasiKAP	60	0	1	.17	.376
CurenRatio	60	.013	34.993	2.18566	4.865629
ROA	60	-3.540018	.340600	-.04794728	.485949194
AuditLag	60	31	440	97.88	58.357
Valid N (listwise)	60				

Descriptive statistical analysis is a statistic used in analyzing data by describing or depicting the data that has been collected (Pangestu & Hirliana, 2023) . From the table results, the average value, minimum value and maximum value of the collected data can be seen. The sample results show that the fastest reporting time is 34 days and the longest reporting time is 440 days. The average value of KAP Reputation is 0.17 indicating that the majority of non-big four KAPs used or conducting annual audits.

Table 3. One-Sample Kolmogorov-Smirnov Test (Normality)

			Unstandardized Residual
N			60
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		38.35140960
Most Extreme Differences	Absolute		.096
	Positive		.096
	Negative		-.073
Test Statistic			.096
Asymp. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		.186
	99% Confidence Interval	Lower Bound	.176
		Upper Bound	.196

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2009616798.

The Normality Test shows that the significance value (Asymp. Sig. (2-tailed)) is 0.200 or greater than 0.05, which means that the data used for this study is normally distributed. The results show that it passes the Normality test.

Table 4. Multicollinearity Test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	167.870	34.847		4.817	.000		
	DebtToEquity	3.008	17.341	.024	.173	.863	.773	1.293
	ukKomAudit	-9.736	3.654	-.387	-2.664	.010	.711	1.407
	FrekKomAudit	-6.967	10.306	-.095	-.676	.502	.764	1.309
	CurenRatio	.032	.232	.017	.137	.892	.974	1.027
	ReputasiKAP	-59.877	57.594	-.132	-1.040	.303	.928	1.078
	ROA	.428	3.080	.019	.139	.890	.822	1.216

a. Dependent Variable: AuditLag

In the table above, we can see that there are no independent variables that have a Tolerance value of less than 0.1 and there are no independent variables that have a Variance Inflation Factor (VIF) value of more than 10. So it can be concluded that there is no multicollinearity between independent variables in the regression model.

Table 5. Runs Test

	Unstandardized Residual
Test Value[a]	-1.47720
Cases < Test Value	30
Cases >= Test Value	30
Total Cases	60
Number of Runs	29
Z	-.521
Asymp. Sig. (2-tailed)	.602

a. Median

The run test obtained a significant value of 0.602, where if the significant value is greater than 0.05 (0.602 > 0.05), it can be said that the regression model is free from autocorrelation and is suitable for use.

Table 6. Heteroscedasticity test (Glejser)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	46.932	20.631		2.275	.027
	DebtToEquity	7.080	10.266	.103	.690	.493
	ukKomAudit	2.283	2.164	.164	1.055	.296
	FrekKomAudit	-9.721	6.102	-.238	-1.593	.117
	CurenRatio	-.146	.138	-.140	-1.059	.294
	ReputasiKAP	-31.770	34.099	-.127	-.932	.356
	ROA	-.340	1.823	-.027	-.186	.853

a. Dependent Variable: absres

From the table above, it can be seen that the significant value of the t-test of all independent variables with Absolute Residual (ABS_RES) is more than 0.05. So it can be concluded that in the regression model of this study there is no heteroscedasticity problem.

Table 7. Uji F (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15034.482	6	2505.747	2.304	.047[b]
	Residual	57645.251	53	1087.646		
	Total	72679.733	59			

a. Dependent Variable: AuditLag
b. Predictors: (Constant), ROA, CurenRatio, FrekKomAudit, ReputasiKAP, DebtToEquity, ukKomAudit

From the results of the F test above, it can be seen that the Sig. value is 0.047, where in the table above, the Sig F value is 0.047 <0.05 so it can be concluded that simultaneously there is a significant influence of the independent variables on financial distress..

Table 8. Coefficient of determination test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.455[a]	.207	.117	32.979

a. Predictors: (Constant), ROA, CurenRatio, FrekKomAudit, ReputasiKAP, DebtToEquity, ukKomAudit

The table shows the R Square value is 0.207, this can be interpreted that 20.7% of the variation in financial distress in this study can be explained by the five independent variables used in this study. The remaining 79.3% can be explained by other variables outside the model in this study that are not included in the regression model.

E-ISSN :2962-1658
Volume 4, Number 2, April 2025
https://doi.org/10.47709/ijmdsa.v4i2.5904

Table 9. t-Test (Partial)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	167.870	34.847		4.817	.000
	DebtToEquity	3.008	17.341	.024	.173	.863
	ukKomAudit	-9.736	3.654	-.387	-2.664	.010
	FrekKomAudit	-6.967	10.306	-.095	-.676	.502
	CurenRatio	.032	.232	.017	.137	.892
	ReputasiKAP	-59.877	57.594	-.132	-1.040	.303
	ROA	.428	3.080	.019	.139	.890

a. Dependent Variable: AuditLag

The results show that only the audit committee size variable has a significant negative effect on Audit Report Lag. Other variables do not have a significant effect on Audit Report Lag.

DISCUSSION

The DebtToEquity variable has no influence on the AuditLag variable.

The DebtToEquity variable shows a significance value of 0.863 where the value is greater than 0.05, therefore H1 is rejected, so it can be concluded that DebtToEquity in this research sample does not have a significant effect on Audit Lag

The results of this study are in accordance with the research of Seliany, et.al (2024) but do not match the research of Saputra, et. al (2024) which has no effect. The comparison between debt and capital owned by a company is often used to assess the financial health of a company. The audit reporting time is not influenced by the company's financial condition because when planning the audit, the company's financial condition and the time needed for the examination have been considered. The sample also shows that companies with high and low audit lag have varying DebtToEquity values.

The audit committee size variable (ukKomAudit) has a negative influence on the AuditLag variable.

The size of the audit committee shows a significance value of 0.010, where the significance value of this t-test is less than 0.05, therefore H2 is accepted, so it can be concluded that the size of the audit committee has a negative effect on Audit Lag. The higher the size of the audit committee owned by the company, the faster the audit reporting time (Audit Lag).

The audit committee is tasked with assisting the supervision carried out by the Independent Commissioner. The more committees there are, the better the supervisory function will be and there will be no problems in the financial statements. If all elements of the company's financial statements have been prepared correctly and according to evidence. This will speed up the auditor to conduct the examination so that the reporting time will be faster. The implementation and reporting of the audit will be faster than the audit planning time because nothing was found that needed to be examined or further audit evidence. The results of this study are in line with the research of Wandrianto et al (2021), However, research by Pangestu & Hati (2024), Tjahyadi & Pangestu (2023) showed results that had an effect but in a different direction (Positive). The research is not in line with the research of Panggabean & Maradina (2023), Rosalia & Ardini (2019)

The FrekKomAudit variable has no influence on the AuditLag variable.

The FrekKomAudit variable shows a significance value of 0.502 where the value is greater than 0.05, therefore H3 is rejected, so it can be concluded that the Audit Committee Frequency in this research sample does not have a significant effect on the audit reporting time.

The results of this study are in accordance with the research of Panggabean & Maradina (2023), Hasanah & Aprilia (2023) but do not comply with the research of Wandrianto et al (2021). The frequency of audit committee meetings does not affect the audit reporting time. Meetings that are held a little or a lot will not interfere with the audit reporting time if there are no problems found in the company's financial statements or there is a discussion of something that causes the audit time to be delayed. The auditor will still complete the audit process according to the initial audit planning time.

The KAP Reputation variable has no influence on the AuditLag variable.

The KAP reputation variable shows a significance value of -59.877 where the value is greater than 0.05, therefore H4 is rejected, so it can be concluded that the FrekKomAudit Variable has no effect on the AuditLag Variable. The results of this study are in accordance with the research. Pangestu & Pangestu (2022), Ervina & Salim (2021) but not in accordance with the research of Panggabean & Maradina (2023). The results of the descriptive statistics of the average value of the KAP reputation with a value of 0.17 indicate that the majority of the sample companies in the study used non-big four KAPs. The test results show that the reputation of the KAP (both Big Four and Non-Big Four) has no effect on the audit reporting time (Audit Lag) because in carrying out the audit process it must be in accordance with the *Public Accountant Professional Standards* (SPAP). All auditors and public accounting firms must follow existing standards. Auditors must also reject audit engagements with clients if at the beginning of the engagement they are deemed not to have the ability to meet these Standards.

The CurenRatio variable has no influence on the AuditLag variable.

The Current Ratio variable (CurenRatio) shows a significance value of 0.892 where the value is greater than 0.05, therefore H5 is rejected, so it can be concluded that the Current Ratio Variable has no effect on the AuditLag Variable

The results of this study are in accordance with the research of Ervina & Salim (2021) but not in accordance with the research of Pangestu & Hoesada (2018). This ratio shows how the company's ability to pay its short-term debts as well as the company's financial condition / health. High or low Current Ratio conditions will not affect the audit reporting time because the audit reporting time is not influenced by the company's financial condition. Audit planning has considered the company's financial condition and the time required for its examination. The auditor is required to submit an audit opinion in accordance with the company's condition according to the results of the examination. The audit reporting time can be postponed if during the audit something is found that needs to be examined or further audit evidence.

The Return on Asset (ROA) variable has no influence on the AuditLag variable..

The Return on Asset (ROA) variable shows a significance value of 0.890 where the value is greater than 0.05, therefore H6 is rejected, so it can be concluded that Return on Asset (ROA) has no effect on the AuditLag Variable. The results of this study are in accordance with the research of Ishak & Karim (2023) but not in accordance with the research of Saputra, et. al (2024), Pangestu & Hati (2024), Tjahyadi & Pangestu (2023), Pangestu & Pangestu (2022), Ervina & Salim (2021), Pangestu & Hoesada (2018).

The results of this variable test are interesting because many previous studies have conflicting results. Observations on the research data sample show that the ROA values of both large and small companies have varying audit reporting times so that these statistical results are in accordance with observations in the research sample. The audit reporting time is not influenced by the company's financial condition. Audit planning has considered the company's financial condition and the time required for its examination.

CONCLUSION

The results show that only the audit committee size variable has a significant negative effect on Audit Report Lag. Other variables do not have a significant effect on *Audit Report Lag*. The Sig F value is 0.047 <0.05 so it can be concluded that simultaneously there is a significant influence of the independent variables on financial distress. The sample results show that the fastest reporting time is 34 days and the longest reporting time is 440 days. The size of the audit committee has a negative effect on Audit Lag. The higher the size of the audit committee owned by the company, the faster the audit reporting time (Audit Lag)

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