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Analysis of Factors Affecting Audit Report Lag Manufacturing Company in Indonesia

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Abstract

This study was performed with the aim to examine the impact of the variable Auditor Change, Company Size, and Audit Opinion on Audit Report Lag on all Manufacturing companies indexed on the Indonesia Stock Exchange in the 2016-2018 period with a total of 185 companies. After selecting the sample criteria using the purposive sampling method, there were 72 samples of Manufacturing companies with 200 secondary data used in this study. Data analysis in this study uses multiple linear regression with a significance value of 5% to prove and test the research hypothesis. The outcomes showed the Auditor Change and Company Size variables did not have an effect on the Audit Lag Report as evidenced by the significance value of more than 0.05. While the Audit Opinion variable has a big impact on Audit Report Lag on the significance value below 0.05.

Keywords: Audit Report Lag; Auditor Change; Company Size; and Audit Opinion.

1. Introduction

From a functional point of view, the preparation of financial reports needs to contain appropriate information because appropriate information is of paramount importance for information users, especially management and investors. The information contained within side the financial statements contains at least a disclosure of the condition of the company as well as adequate explanations of what activities the company is carrying out.

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Through globalization and the era of digital development, financial reports can now be seen for the wider community who need to realize the development and situation of the company. A good and rapidly growing company can carry out additional capital activities for the company's operational needs from investors by registering on the Indonesia Stock Exchange and making it a go public company, also known as an issuer company. The financial statements of publicly traded companies are not solely for obtaining funds from investors. In the matter of presenting financial statements, each company certainly needs to pay attention to and apply the existing regulations that each company must comply with. This is required so that users can enjoy the information generated from these financial statements without the need to delay making decisions and not worry if the financial statements differ from existing regulations. In this case, the financial statements will reasonably be examined to justify the financial statements before the financial statements are presented. This examination of the justification of financial statements is usually carried out by a public accountant so that it will produce an audited financial report. The deadline for presenting the company's financial statements is one of the rules that every public accountant must comply with in the process of making audited financial reports. The Indonesian Financial Services Authority (OJK) enforces regulations from [1] or regulations regarding the capital market which include the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency Number: X.K.2 KEP-346 / BL / 2011 regarding the submission of periodic financial reports for public companies or issuers. In the attachment of regulation X.K.2 KEP-346 / BL / 2011, explained that the annual report and financial report must be submitted to LK and Bapepam and announced to the public no later than 3nd months after the end of the period in the annual financial report. In line with regulations from the OJK, the Indonesia Stock Exchange also has membership regulations governing the reporting of stock exchange members. This regulation is the Decree of the Directors of PT BEI Number: III-D Kep-00068 / BEI / 09-2019 which confirms that the annual financial statements in the form of audited financial reports are reported after the date of the annual financial statements later than the last trading day in the third month. Through the existence of these regulations, it approach that the presentation of annual financial statements is presented no later than March 30 after December 31 of the year concerned, namely the date of the end of the financial reporting year. In addition, the public accountants can express their opinions in the company's audited financial statements at the process of forming audited financial reports, if the public accountants can pay attention for a lot of studies on financial statements. Therefor the auditing process can have an effect on the truth full value and length of time for publication of the annual financial statements. PSAK (Statement of Financial Accounting Standards) No. 1 (2018) Paragraph 15 by [2], which states: “The financial statements present fairly the financial position, financial performance and cash flows of the entity. Fair presentation requires a precise representation of the effects of transactions, other events and circumstances in accordance with the definition along with the criteria for recognition of assets, liabilities, income and expenses as stipulated in the Conceptual Framework for Financial Reporting Chapter 1. Actualization of Indonesian GAAP, through additional disclosures if required, is deemed to result in the presentation. fair financial statements". The statement of financial accounting standards explains that companies that rush in publishing annual financial statements can have an effect at the non-conformity of the presentation of the applicable financial statements of the audited financial statement opinion. In research conducted by [3], explained that one of the many undesirable conditions in the process of preparing financial statements with appropriate information, is a matter of timeliness. The information was not available when users of financial statements want to make a strategy, If the annual financial report is presented not in time because the financial report will lack one of the value of information. Related to several problems, one of which is the problem of punctuality when presenting this annual financial report, this problem arises as a result of the audit report lag. In studies on auditing, audit report lag is also commonly known as audit delay, which is described as the time comparison among the date of issuance of the audited financial statements and the end of the fiscal year period [4]. Some of the other studies also state that audit report lag is part of audit delay. The authors in [5] explains that audit delay is a delay in submitting audited financial reports and confirms that audit delay is divided into two criteria, namely audit report lag and total lag. Audit report lag is referred to as the time comparison among the date the independent auditor's report is signed and the closing date of the book. Meanwhile the total lag is referred to as the total days between the date when the report is received is presented on the stock exchange and the financial statements date. Thus, the problem of audit report delay is the delay in presenting the audited financial statements or part of the audit delay and has an impact on the presentation time of the annual financial statements of public companies. Talking about regulations and time, there are definitely consequences that will be received by every company if they are not used properly. In 2017, the Indonesia Stock Exchange took a crucial action, namely by imposing sanctions on the suspension of trading securities on the regular market as well as the cash market and suspension of securities trading for several companies. The IDX (Indonesia Stock Exchange) in imposing administrative sanctions for these companies certainly does not play as long as it imposes sanctions because there are reasons where the company concerned is still in a state of not fulfilling its obligations in the process of submitting annual financial reports on December 31, 2016. Previously, IDX has given a written warning level III to sanctions for suspension or suspension of trading are carried out. The sanctions measures determined from the issue of timeliness of the presentation of financial statements are also the same as the membership regulations found on the IDX, namely sourced by [6] from the Decree of the Directors of PT BEI Number: III-F Kep-00085 / BEI / 10-2011 regarding sanctions. From the existing sanctions and decisions related to timeliness issues, it proves that it is sufficiently firm to enact regulations in the annual financial report presentation process because stock exchange members are unable to conduct trading activities temporarily on the Exchange. The sanctions mentioned in decision III-F Kep-00085 / BEI / 10-2011 range from mild sanctions written warning level I to the heaviest, one of which is that the witness is a very large fine of Rp. 500,000,000, - and a certain time limitation of trading activities on the Exchange or suspension of trading such as the problems mentioned above. Somehow it is possible for companies that publish financial reports to still commit violations so that they get these witnesses who cannot be violated. In addition, as reported from [7], also distributed a written warning III with an additional penalty of Rp. 150,000,000, - based on Regulation Number: IH Kep-307 / BEJ / 07-2004. sanctions if there is a registered company that is slow in the process of submitting financial statements, as is meant in provision III.1.6. Regulation Number: I-E Kep-306 / BEJ / 07-2004 regarding the deadline for submission of reports of listed companies. Coupled with a similar problem from the timeliness problem in 2017 as well, the Indonesia Stock Exchange (IDX) delisted several issuers that did not fulfill their obligations as listed companies on the capital market. Forced delisting or force delisting of a number of shares from the trading board which is still in the assessment stage due to non-fulfillment of obligations as a listed company. This case is the heaviest sanction because the company can no longer trade capital on the stock exchange. In order to avoid the sanctions set and applied by the IDX, it is important to take note of companies regarding the factors of the obstacles that exist when carrying out the auditing process and publication of annual financial reports. By paying attention to the existing factors, companies wishing to publish annual financial reports can avoid audit report lag. Changes in auditors, size of Registered Public Accountant Firm, company size and profitability are estimated as elements that affect the emergence of audit report lag [8]. Based on observations of the grace period in the audit report lag, the above factors are some of the factors that interfere with the auditing process so that it hinders the issuance of opinions from public accountants in audited financial reports and has an impact on the length of time for publication of annual financial reports. These factors can be seen from the two sides of the existing problems, either from the public accountant or the company itself. When viewed from the public accountant, the auditor change factor (audit switching) is a crucial factor. Before starting the examination, the new public accountant confirms the old public accountant as a sign of not objecting to the examination by the new public accountant, but if the old public accountant still has unfinished business with the company, the audit that will be carried out by the new public accountant will become hampered. In addition, from the tests conducted from [8] in his research, the results of the auditor change had a giant impact at the timeliness of the process of submitting the company's audited financial statements. Companies that carry out auditor changes will make the newest auditors take quite a long time to identify the characteristics of consumers' businesses and the systems available in their client companies. Meanwhile, research from [9] states that the ongoing audit report lag has no impact on auditor changes. In other words, the change of auditors can be done well before December 31 or before the financial statements end so that the new auditor can arrange the time given in mapping the business environment and audit risks of his clients. From the company side, the factor that must be considered during the inspection is the size factor of the company. In general, companies that are new and still developing during the audit process can quickly conduct audits and publish financial reports because there are not many activities that have been carried out, for example in the activities of income and expenses incurred. If a company that has grown rapidly with activities ranging from operations to funding is a lot of time, the inspection will take more time. However, this picture is refuted through research that has been carried out by [10] means that the size of the company being examined increases the quicker the company's audited financial statements are submitted, which proving that the company size factor has a giant impact at the audit report lag. The company size factor is also proven by [9] in her research which explains that company size is not enormous to the audit report lag, in the sense that the size of the company has no impact on the timeliness of the submission of audited financial reports. Apart from the size of the company, other factors on the part of the company are the audit opinion factors acquired from the previous audited financial statements. For companies that receive an unqualified opinion on their audited financial statements, it will end less than 90 days after closing the book so that the company must publish its financial statements as soon as viable to customers of financial statements. Conversely, if the audited financial report with a disclaimer of opinion or a qualified opinion will require a process of auditing the financial statements with an increasingly long time [5]. Previous research that has been carried out by [10] means that if the previous audit financial report received an unqualified opinion then the audit report lag period will be faster, which has resulted in the audit opinion factor having an impact on the audit report lag. Other research has proven that audit report lag has no effect on the audit opinion factor, namely research conducted by [11] which means that not all companies with an opinion other than an unqualified opinion in the audit audit process will take longer than companies with an unqualified opinion. Based on the above background, this study aims to prove empirically and analyze the significant effect of auditor change, company size and audit opinion on Audit Report Lag.

2. Literature Review

2.1 Agency Theory

The authors in [12] revealed that agency engagement is in the form of an agreement that contains individuals or more (principal) telling other people (agents) to provide services to the principal and are given confidence in forming the best decision for the principal. The relationship between the principal and the agent is formed based on the concept of agency fees. The agreement between the two parties is carried out because it has the same goal of maximizing company value, so that the agent can work in its own way according to the principal's interests. The agent party becomes the party that makes any effort in managing the finances of the principal and must be responsible for whatever work he does to the shareholders. Because agency theory is an engagement and agreement between agents and principals, so the focus on agency theory is in the most efficient terms of the agreement that bases the relationship between the parties. As a form of motivating the agent's performance, the principal designs an agreement so that it can accommodate the interests of other parties who are also involved in the agency relationship. An efficient relationship is an agreement that fulfills two factors, the first factor, namely the principal and the agent, gets symmetrical information, meaning that even though the principal or agent has a level of conformity and the total information is in harmony and is not differentiated, so that no hidden information is carried out only for profit. next party. Meanwhile, the other factor is the risk borne by the agent because it relates to the reward for his services, meaning that the agent has great certainty about the reciprocity that will be received. Generally, the agent can only provide accurate information to the principal because the agent is in a company environment which allows the agent to get a lot of information about all matters regarding the condition of the company. In contrast to principals who do not often see companies or even rarely come to these companies, the information obtained is not much and is only obtained at the GMS. This results in the agent and principal relationship being opposed to symmetrical information, namely asymmetry of information or inappropriate information due to the difference in the interests of the two parties. In addition, it is difficult to verify the information provided by the agent so that any actions taken by the agent are difficult to know for real. Opportunities for agents to dis-functional behavior or take sides with their own interests when carrying out agency relationships will cause loss to the principal, whether it is an act of exploiting the entity's ownership for their own interests or falsifying the company's performance report from the capital provided by the principal. In this study, the principal is the investor while the agent is the management of the company. In the contract signed by both parties, management is responsible for the capital obtained from investors by managing the funds as a contribution to the company's operational activities. In addition, management is also accountable for the information provided concerning the capital and the objectives that have been used and achieved by the company. Overcoming problems that arise from conflicts in accordance with agency theory, there is an independent auditor who is assigned to mediate between the two parties (agent and principal) in differences of interest. Agency theory can be used by the audit committee in understanding the different functions that often occur among investors and management. Therefore, understanding the concept of agency theory is expected to minimize the occurrence of engineering when making financial reports which creates constraints on the length of time for audit reports lag or the length of the process of giving opinions in audited financial reports which hinders the publication of the company's annual financial statements.

2.2 Financial Institution Regulations

OJK (Indonesian Financial Services Authority), a government financial services supervisory agency, was established to protect the needs of the public and consumers. This institution is predicted to have the ability to properly advance the general welfare of the financial services industry. This institution strives for all sports in the monetary services sector to be carried out in a fair, accountable, transparent and orderly manner and has a function to enforce interconnected regulations and supervision. In order to realize all the existing visions and goals, OJK in its authority over capital market activities issues regulations or rules aimed at all interested parties or financial service industry players. OJK contains regulations or regulations that will be used in this research, according to [1], these regulations are regulations from the classification of Bapepam-LK (Capital Market and Financial Institutions Supervisory Agency), namely the Decree of the Chairman of Bapepam-LK Number: XK2 KEP-346 / BL / 2011 regarding the process of submitting periodic financial reports of public companies or issuers. The regulation explains that there is a need for regulations regarding periodic financial reports in order to increase the level of transparency of information provided by issuers to published annual financial reports. The annual financial statements stipulated in this regulation must accompany the accountant's report for the purpose of auditing the company's financial statements. Furthermore, regulation number X.K.2 KEP-346 / BL / 2011 also makes regulations related to how to submit company annual financial reports. Annual financial reports must be announced to the public and submitted to Bapepam-LK no later than the end of the 3rd month after the end of the reporting period. This regulation implies that companies must be able to publish their annual reports and annual financial reports by March 30 after the closing date of the financial statements for the annual period, which is the end of December 31. Bapepam-LK Decree Number: X.K.2 KEP-346 / BL / 2011 regarding the process of submitting periodic financial reports to public companies or issuers is a regulation that will be used in this research. This research does not use the latest Financial Services Authority press release by [13], or SP 18 / DHMS / OJK / III / 2020 issued on March 18, 2020. In the contents of this OJK press release, the submission of annual financial reports is postponed to no later than the end of the fifth month or date. May 31 from the original no later than March 30 after the closing date of the fiscal annual financial statements. The OJK press release was not used in the research because this research was conducted during the period of the 2016 annual financial report to the period of the 2018 annual financial report. The period of the annual financial statements in the OJK press release is intended for the period of the 2019 annual financial report which is not included in the the period of research undertaken.

2.3 Audit Report Lag **(Y)**

The author in [4,14] define audit report lag as the time difference between completing fieldwork and signing the audited financial report. Meanwhile, according to [3], state that audit report lag is the time difference among the closing date of the financial report book and the date the audited financial report is signed. The difference of opinion regarding the audit report lag defines that the audit report lag is the time difference between the closing date of the financial statements and the time when the audited financial statements are signed. The longer the auditor completes the audit examination, the longer the time difference in signing the financial statements of the company being audited. If the audit results in a longer audit report lag, it will result in a delay in publishing annual financial reports which will also be even greater.

Reporting delays are divided into three criteria set by [15], are:

a. Preliminary lag, is the interval between the total days of receipt of the previous financial statements by the exchange and the date of the financial statements.
b. Audit report lag, is the interval between the date of the financial report and the date when the independent auditor's report is signed.
c. Total lag is the interval between the date of the financial report and the date the report was received.

Of the three criteria for late financial reporting based on [5,15] above, this research includes only one criterion of delay, namely the audit report lag, which is measured based on the total day interval among the date the annual financial report ends and the date the independent auditor's report is signed. Regarding the preliminary lag, it is not included in this research because the preliminary lag is measured up to the date of receipt of the financial statements that preceded it. Meanwhile, the total lag in the measurement is based on the total day interval among the date of the financial statements and the date of publication of the annual financial statements on the stock exchange is also not included in this research because the annual financial statements are only limited to population collection and samples that contain statements from the independent auditors' reports during the reporting period. the company's annual finances that have been determined in this research.

2.4 Change of Auditor (X1)

The change of auditors is the termination of the old public accountant's ties to the company who then appoints the newest public accountant to replace the old public accountant collaboration, the definition is obtained from [9]. The company that does the auditor change certainly has goals and objectives, one of which is the manifestation of regulatory compliance that has been set. Because in this case, the change of auditors is carried out in two ways, namely the change of auditors which is done voluntarily (voluntary) and the change of auditors which is carried out due to the mandatory audit rotation which is carried out by the government (mandatory). The main attention shifts to public accountants when the change of auditors takes place in an obligatory manner, on the contrary the main concern is to the consumer, namely the company if the change of auditors takes place voluntarily [8]. The regulation on auditor replacement has long been established in the Regulation of the Minister of Finance Number: 17 / PMK.01 / 2008 Article 3 Paragraph (1) states that if APs who serve in KAP are given the opportunity to conduct audits for the maximum period of time, namely 3 financial years continuously. continuously, while a KAP is only allowed to conduct client audits for the maximum period of time, namely 6 financial years continuously. Furthermore, in 2015, issued PP. 20/2015 Article 11 Paragraph (1) related to Public Accountant Practices which explains the restrictions in this regulation are enforced for public accountants who audit the maximum period of time, namely 5 financial years continuously, meanwhile KAP is no longer limited to auditing a company. . However, PP. 20/2015 Article 11 Paragraph (1) is disputed because there is a Financial Services Authority regulation, namely OJK Regulation from [16], Number: 13 / POJK.03 / 2017 regarding the use of Public Accounting Firms and Public Accountant services for financial service provision activities. Meanwhile, sourced from POJK Number: 13 / POJK.03 / 2017 in CHAPTER VI regarding restrictions on audit services Article 16 paragraph (1) states that parties carrying out financial service activities must be able to impose limits on the use of audit services for annual historical financial information on Similar APs were extremely slow in auditing times over the three financial years of continuous reporting. With the existence of Article 16 paragraph (1) of the POJK, public accountants can only perform audit services for three years continuously to provide audit services to parties carrying out financial service activities. This restriction also applies to public accountants who do not ratify the independent auditor's report but participate directly in providing audit services for such financial information or public accountants who are associated parties, as stipulated in Article 16 paragraph (2) which states that the process limits the use of services. (2) audit as intended in paragraph (1) shall also apply to public accountants who are parties that have become associations. On the other hand, those who carry out financial services activities, if they want to use audit services again by a similar Public Accountant, have already regulated this situation in Article 16 paragraph (3). Article 16 paragraph (3), as desired in paragraph (1), states that after two financial years of reporting by continuously not using audit services for annual historical financial information on similar public accountants (cooling-off period), who carry out financial services activities can again use audit services for annual historical financial information from similar public accountants. However, restrictions on the use of the services of a registered PAF depend on the results of the audit committee's assessment of the potential risk from using the services of a similar public accounting firm continuously for a long period of time.

2.5 Company Size (X2)

In various ways, including a scale based on stock market value, total assets, log size and others, is a scale classified as the size of the company, this understanding is obtained from [8]. The size of the company has been regulated in the Law of the Republic of Indonesia No. 20 of 2008 which distributes 4 types of company sizes based on the value of total sales and the value of assets owned by the company, namely regulations on micro, small and medium enterprises. The four types of company sizes in Article 6 of Law No. 20 of 2008:

a. The company (excluding land and building assets) with a total sales of Rp. 300,000,000 and has a net worth of Rp. 50,000,000 is a company with a micro-sized business.
b. The company (excluding land and building assets) with a total sales of Rp. 300,000,000 to Rp. 2,500,000,000 and has a net worth of Rp. 50,000,000 to Rp. 500,000,000 is a company with a small size business.
c. The company (excluding land and building assets) with a total sales of Rp. 2,500,000,000 to Rp. 50,000,000,000 and has a net worth of Rp. 500,000,000 to Rp. 10,000,000,000 is a company with a medium size business.
d. A company (excluding land and building assets) that has a total sales of IDR 50,000,000,000 and has a net worth of IDR 10,000,000,000 is a company with a large size business.

2.6 Audit Opinion (X3)

There are five types of opinions which are the opinions of the auditors on financial statements according to the Professional Standards for Public Accountants (SPAP) by [5,17], namely as follows:

a. Unqualified Opinion,

If there is a considerable distinction concerning the fairness of the application of the predetermined criteria with inside the guidance of the financial statements, the determination and the reliability of the actualization of the predetermined criteria, there is no limiting process on the audit scope, along with proper disclosure in the financial statements, then an unqualified opinion will be given by the auditor.

In the Public Accountant Professional Standards (SPAP) SA700 make arrangements related to the responsibility of the auditor in the formulation of an opinion and reporting on financial statements. If the auditor makes conclusions regarding financial statements made on all material matters based on the ongoing financial reporting context, expressed an un-qualified opinion.

b. Unqualified Opinion Report With Explanatory Language,

If there is a positive event, it will require the auditor to present an explanatory paragraph in the audit report, but the presentation of the financial statements is in accordance with established criteria, this opinion is given by the auditor and does not affect the fair opinion without the exception of the client's financial statements.

c. Qualified Opinion,

If the auditor is cannot obtain crucial information or unable to carry out crucial audit procedures because circumstances that are beyond the client or auditor's authority, the scope of the financial report examination is limited by the client, then the auditor distributes qualified opinions on the audit report, the financial statements are not determined in a way consistent and not prepared through the standards specified in the preparation of financial reports. A qualified opinion is made in SPAP SA 705 regarding changes to the opinion on the independent auditor's report, when there is an impact of material misstatement that is not detected on the auditor's financial report and is unable to obtain appropriate and accurate audit information.

d. Adverse Opinion (Unfair Opinion),

The auditor's opinion that is opposite to the unqualified opinion is an unfair opinion. If the client's financial report is not made based on predetermined criteria, the public accountant will give an unfair opinion. So that the results of operations, cash flow, changes in equity and financial statements of consumer companies are not presented in a fair manner. Which is an unfair opinion in SPAP SA 705 when the auditor obtains adequate and accurate audit information and then makes a conclusion about there is a material misstatement of the financial statements based on the acquisition of the audit evidence.

e. Disclaimer of Opinion (Statement of Not Providing an Opinion).

This audit report is known as a no opinion report (a report without an opinion) if the auditor does not express an opinion in the audit report. Public accountants who are not independent of their relationships with their clients and the process of limiting their special features to the audit environment are circumstances that result in auditors expressing a disclaimer of opinion. SPAP SA 705 also deals with disclaimer of opinion, which is expressed when there is a lot of uncertainty on the basis of an opinion statement on the financial statements and the auditors are unable to obtain adequate and accurate audit information. For company management or various external groups who need information on the company's financial statements, it is very important to submit information in the audited financial statements, there is an opinion issued by the auditor as a basis for decision making.

2.7 Research Model

The research conducted is an empirical research. Empirical research is research that explores, describes, and explains [18]. With the existence of a research model that is stated in a structured picture, research becomes easy to understand and analysis and can be viewed as a simple, realistic picture. Therefore, this research uses an empirical research model that is made by paying attention to the formulation of the problem and the objectives to be studied and is stated in a diagram in the image below.

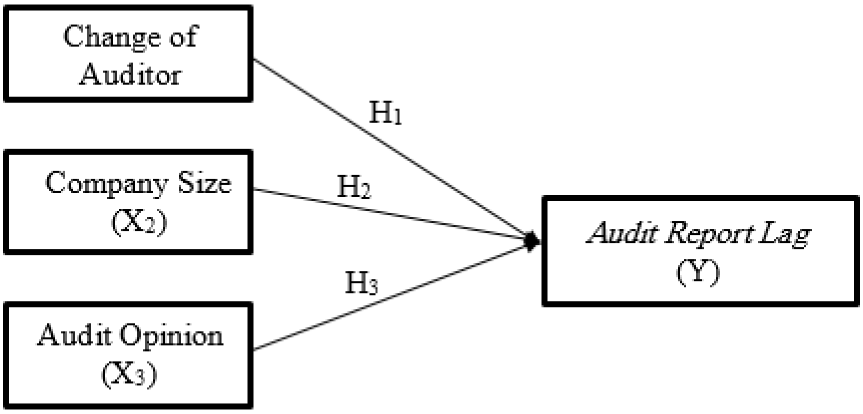

Figure 1: Research Framework

2.8 Hypothesis Development

The answer to the formulation of the problem that has been put forward in the form of a question, and has the character of sometime from each formulation of the research problem is a hypothesis according to [19]. In this section the researcher proposes a hypothesis based on the literature review previously described and based on differences in the results of the research references used. Therefore, the hypothesis obtained in this research is as follows.

a. Effect of Auditor Change on Audit Report Lag

A study conducted by [20,21] expects the change of auditors to reduce the timeliness of audit examinations. If a company undergoes a change of auditors either on an obligatory or voluntary basis, it will take a long time for a new public accountant to identify the system used in the company and the characteristics of the client's business [9]. A research by [22] prove that auditor turnover has a positive effect on the audit report lag, which means that the auditor's turnover by the company can growth the audit report lag time interval. Another research conducted by [8] also indicates that the auditor turnover variable has a effective impact on audit report lag. However, research conducted by [9] proves that changing auditors does not guarantee the timely submission of financial statements.

H1: The change of auditors has a significant effect on the audit report lag.

b. Effect of Company Size on Audit Report Lag

The author by [15] proves that large companies provide greater allowances for management in order to lessen audit report lag or delay in information in financial reports because management is more closely monitored by regulators, labor groups, and investors so that large companies have an impact on the audit report lag as well as the limited time for audit examinations in comparasion to small companies. The outcomes of the research conducted by [23] also accept the description of [15] research that company size has a negative impact on audit report lag. However, research conducted by [9] proves the opposite. The size of the company does not impact the audit examination and does not guarantee the timeliness of the submission of financial reports.

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

c. The Effect of Audit Opinion on Audit Report Lag

Research by [5] proves that audit opinion has an impact on audit report lag because a company that gets an audit opinion other than an unqualified opinion is likely to have a conflict between company management and auditors regarding the publication of audited financial reports so that various parties will create a bad judgment. The results are the same as [24] which shows that companies with unqualified opinions are considered good news and must be published immediately so that they are faster in submitting their financial reports, while companies with audit opinions other than unqualified opinions have an impact on the relatively long audit report lag. because it is possible that there is negotiation among the company and the auditor over the availability of an opinion other than an unqualified opinion so that it is seen as bad news. Research conducted by [25] shows that the audited company is an independent institution and is responsible to all users of financial statements to issue audit opinions based on audited financial reports so that the type of audit opinion obtained from the auditor does not impact the speed of the audit period.

H3: Audit opinion has a significant effect on the audit report lag.

3. Research Methodology

This research is an explanative research by knowing the relationship between one variable and another and by explaining the variables under study. In accordance with the explanation previously mentioned, there will be a link among the audit report lag and what factors have an influence on it. This research was carried out using the literature on previous research which is also the research library. The dependent variable in this study is the audit report lag. The time difference between the date of the financial statements and the date the independent auditor's report is signed is an audit report lag which shows the length of time for the audit [3]. Measured quantitatively, this study uses audit report lag as the dependent variable with the ratio scale to total days in the period between the closing date of the financial year and the independent auditor's report date. The lag in audit reports in this study can be seen from the company's annual financial statements in the independent auditor's report section which contains the date of the independent auditor's statement. For example, the audit report lag in company A is 79 days if the annual financial statements for the period 2012 on the closing date of December 31, 2012 have an independent auditor's report on March 20, 2013. Auditor turnover, company size and audit opinion are the independent variables in this research. Auditor change (the first independent variable) is a new auditor assignment that is different from last year's auditor [11]. In this study, the variable used is the change of public accountants because the change of auditors to public accountants is still mandatory by the government. Meanwhile, this study does not use KAP (Registered public accounting firm) changes due to changes in auditors to KAP which are no longer limited or not determined how long the services are received by clients and how long the services provided by public accounting firms. The auditor turnover variable is measured dummy with a nominal scale which is categorized as new public accountants using code 1 (one), and old public accountants using code 0 (zero). Companies that were audited by an old public accountant were given code 0 (zero), while companies that were audited by a different public accountant in the previous year, even though it was obligatory or voluntary, were given code 1 (one). Meanwhile, company size, which is the second independent variable, can be determined based on the total assets owned by the company [10]. Measurement of total assets is considered appropriate in describing the size of a company [23], therefore this study determines the variable size of the company based on total assets. This variable is measured by the ratio measurement scale obtained from the logarithm of total assets in the company's annual financial statements. By processing the data and using the excel formula, from the logarithm of the company's total assets, it will be known the size of the company. The third independent variable is the audit opinion which is the opinion of the auditor in assessing whether or not the presentation of the company's financial statements is fair or not [24]. The author by [5] describes five types of auditor opinion, namely disclaimer of opinion, adverse opinion, qualified opinion, unqualified opinion and unqualified opinion with explanatory language. The audit opinion variables in this research are dummy variables, categorized as code 0 (zero) for companies that receive an unqualified opinion, and code 1 (one) for companies that receive an unqualified opinion, through a nominal measurement scale. The category determination used in this study is based on annual financial reports that have an independent auditor's report through the audit opinion expressed in it. The company must immediately publish its annual financial statements to users of the financial statements if it gets an Unqualified opinion because it is considered to expire in less than 90 days and vice versa if the audited financial statements are with a qualifying audit opinion or other opinion except for a fair opinion. Unqualified opinion is considered to require a longer time for auditing financial statements [5]. All manufacturing companies listed from [26] in 2016-2018 is the population in this research. There are 3 sectors in a manufacturing company, namely the consumer goods industry sector, various industrial sectors, and the basic industrial sector and chemicals. Each sector has sub-sectors which in total are 21 sub-sectors. Meanwhile, the sample according to [27] is part of the total characteristics and number that are determined in a population. The determination of the sample in this research was carried out by means of purposive sampling, namely the sample was determined based on several criteria. For data collection techniques in this research carried out through the non-participant observation method on the website or internet access from [28] which utilizes annual financial reports or secondary data from manufacturing companies listed on the IDX and has been audited in the 2016 publication year until 2018. Testing the effect of audit report lag (the dependent variable) on the three independent variables (auditor turnover, company size, and audit opinion), this research uses multiple regression analysis tools. The author in [29] states that the use of the value of the independent variable that has been obtained aims to predict the value of the dependent variable. The multiple linear regression model used is as follows:

ARL = α + β_1 SWITCH + β_2 SIZE + β_3 OPINI + ε

Note:

α = Constant

$\beta_1 \ldots \beta_3$ = The regression coefficient for each independent variable

ARL = Audit Report Lag, the time difference among the date of the independent auditors' report and the closing date of the financial reporting year

SWITCH = Dummy of Change of Auditor

SIZE = Natural logarithm of total assets at the end of the year

OPINI = Audit opinion dummy

ε = Standard error

4. Testing Results

Table 1: Population and Research Sample

No.	Information	Total
1.	Manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2018.	185
2.	The shares are not sold freely to the public or go public (IPO) during the year concerned.	(44)
3.	Does not present successive financial statements during the period concerned.	(38)
4.	Its financial statements do not end on December 31st.	(2)
5.	The financial statements are not presented in IDR currency.	(22)
Company Outliers		(7)
Number of Sample Companies		72
Data amount		237
Data *Outlier*		(37)
Number of Sample Data		200

Source: Processed data

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange for the period 2016 to 2018. Of the total population of 185 manufacturing companies, 72 manufacturing companies were obtained with 200 company data as research samples. The research sample was determined by purposive sampling, namely manufacturing companies that used the services of public accountants in the audit process of financial statements which ended on 31 December and were presented in rupiah currency and published their audited financial reports consecutively in 2016-2018.

Outliers are data that have unique properties and look very different from other observational data that appear in the form of extreme values for either a single variant or a combination variant [30]. After conducting the outlier test, as many as 7 manufacturing companies which were originally a sample of research companies were excluded from the sample, and 37 research data from manufacturing company data detected containing outlier data were excluded from the sample.

4.1 Descriptive Statistical Test

Descriptive statistics are descriptions of the meaning or interpretation of the data sample variables that have been collected without generalization. This study describes the minimum value (min), average (mean), maximum value (max) of each variable so that it can be easily understood by readers.

Table 2: Descriptive Statistical Test Results of Audit Report Lag Variables and Firm Size Variables

Statistics			
ARL			SIZE
N	*Val/Miss*	200/0	200/0
Mean		80,66	12,2693
Median		82,00	12,1940
Std. Deviation		6,601	,67584
Minimum		61	10,60
Maximum		101	13,84

Source: SPSS output, 2020

Based on Table 2, shows that in 2016 – 2018 the minimum time to audit report lag is 61 days, which is carried out by PT Mandom Indonesia Tbk. Meanwhile, the longest period for the audit report lag is 101 days, which was obtained by PT Gunawan Dianjaya Steel Tbk. The average audit report lag that occurs in manufacturing companies in the audited financial report period 2016 – 2018 is 80,66 days with a standard deviation of 6,60 days. In addition, based on Table 2, It can also be seen that the smallest company size is obtained at a value of 10,60 which is owned by PT Siwani Makmur Tbk. with total assets of IDR 40.194.897.678,- (forty billion one hundred ninety-four million eight hundred ninety-seven thousand six hundred seventy-eight rupiah) attached to the 2016 financial statements. Meanwhile, the largest company size was obtained at a value of 13,84 which is owned by PT Gudang Garam Tbk. with total assets of IDR 69.097.190.000.000, - (sixty-nine trillion ninety-seven billion and ninety million rupiah) attached to the 2018 financial statements. The average logarithm value of total company size assets owned by manufacturing companies in the audited financial report period of 2016 – 2018, which is 12,26 or less equivalent to the total asset value of IDR 1.860.000.000.000, - (one trillion eight hundred and sixty billion rupiah) with a standard deviation value of 0,67.

Table 3: The Descriptive Statistics Test on Variable Change of Auditor and Audit Opinions

SWITCH							
Information		2016		2017		2018	
Valid	criteria	Frequency	%	Frequency	%	Frequency	%
0	*Old Public Accountant*	30	44,78	26	40,63	44	63,77
1	*New Public Accountant*	37	55,22	38	59,38	25	36,23
OPINI							
0	*Besides Unqualified*	28	41,79	26	40,63	27	39,13
1	*Unqualified*	39	58,21	38	59,38	42	60,87
Total		67	100,00	64	100,00	69	100,00

Source: Processed data

The auditor turnover variable and the audit opinion variable use dummy variables, so it is not necessary to calculate the maximum and minimum values for categorization. Based on Table 3, it can be seen that in 2017 the percentage of manufacturing companies that used the services of old public accountants was 40.63% smaller than in 2016 which was 44.78% and increased in 2018, namely 63.77%. Meanwhile, the percentage of companies that used the services of new public accountants in 2017 was 59.38%, greater than the percentage in 2016, which was 55.22% and also greater than in 2018, which was 36.23%. Furthermore, based on Table 3.It can also be seen that in 2017 the percentage of manufacturing companies that received opinions other than fair without exception was 40.63% smaller than in 2016 which was 41.79% and tended to decline in 2018, namely 39, 13%. Meanwhile, the percentage of companies that received an unqualified opinion in 2017 was 59.38% greater than the percentage in 2016 which was 58.21% and tended to increase in 2018, namely 60.87%.

4.2 Data Normality Test

The normality test is carried out to check whether in the regression version, the residual or confounding variables have a regular distribution. A right regression version has a regular or close to regular data distribution [30]. The normality test when viewed on the Normal P-P Plot graph is as follows.

In the normal P-P Plot graph will be seen that the data is scattered across the diagonal line and follows the path of the histograph line towards a regular distribution pattern, so the dependent variable audit report lag meets the idea of normality.

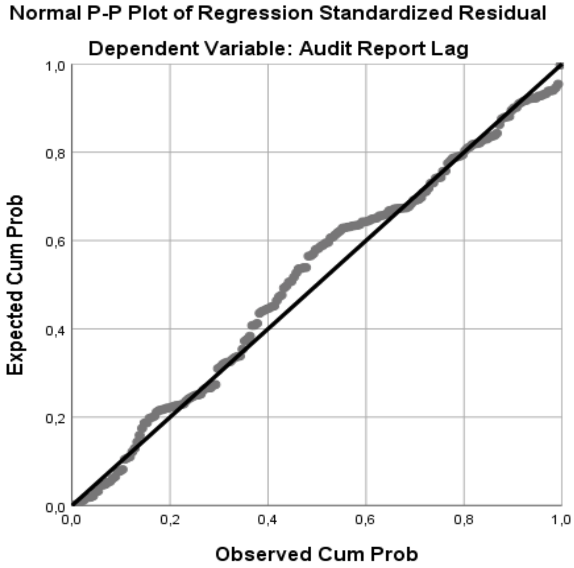

Figure 2: Normal P-P Plot Graph

Source: SPSS output, 2020

4.3 Classic Assumption Test

a. Multicollinearity Test

The tolerance value and the Variance Inflation Factor (VIF) can showing for detecting the presence or absence of multicollinearity in the regression version. It can be concluded that there is no multicollinearity among the independent variables in the regression version, if the tolerance value is> 10% and the VIF value is <10. If there is no correlation among independent variables, that will be a good regression version. The following are the results of the SPSS output for the multicollinearity test.

Table 4: Multicollinearity Test Results

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*Collinearity Statistics*	
		B	*Std. Error*	Beta	*Tolerance*	VIF
1	(*Constant*)	77,654	7,935			
	SWITCH	,470	,890	,036	,943	1,060
	SIZE	,478	,645	,049	,988	1,012
	OPINI	-5,192	,909	-,387	,938	1,066

Source: SPSS output, 2020

From Table 4, it can be seen that the tolerance value> 0.1 or more than 10% and the VIF value <10 for all independent variables, so there is no multicollinearity between the independent variables.

b. Heteroscedasticity Test

In order to know whether there are symptoms of heteroscedasticity or not, it may be done by observing it from the Scatterplot graph. The following is the result of the following SPSS Scatterplot graph output.

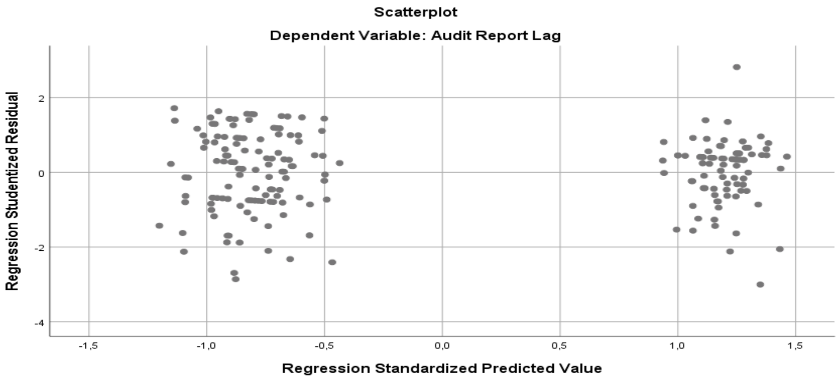

Figure 3: Scatterplot Graph

Source: SPSS output, 2020

Based at the Scatterplot chart, it is able to be visible that there are distinctive patterns, which include dots that make a systematic pattern (line). However, the dots spread above and beneath the quantity 0 at the Y axis. Thus, heterocedasticity disturbances are suspected. To be more sure in carrying out the test whether or not heteroscedasticity can be carried out through the Glejser test.

Table 5: Heteroscedasticity Test Results

Model		t	Sig.
1	(*Constant*)	-1,892	,060
	SWITCH	-1,471	,143
	SIZE	3,242	,001
	OPINI	,765	,445

a. *Dependent Variable*: Abs_RES

Source: SPSS output, 2020

Table 5 above show that the independent variable auditor turnover and audit opinion has a sig> 0.05, while the independent variable company size has a sig <0.05. So it can be concluded that in the regression version there is one independent variable that has heteroscedasticity symptoms. It is thought that the significance value in each independent variable is not all above 0.05 or there are independent variables which are statistically significant and feature a power at the dependent variable.

c. Autocorrelation Test

The autocorrelation check that is generally used is the Durbin-Watson (DW) method. In order to detect whether there is autocorrelation or not, the researchers used the Durbin-Watson check. The Durbin-Watson table contains two values for the upper limit (du) and the decrease limit (dl) for various values of n (number of observations) and k (number of independent variables). In order to know whether autocorrelation is taking place or not in a regression model, it will be visible in the following table.

Table 6: Autocorrelation Test Results

Model	R	*R Square*	*Std. Error of the Estimate*	*Durbin-Watson*
1	,395[a]	,156	6,110	1,915
a. *Predictors*: (*Constant*), OPINI, SIZE, SWITCH				
b. *Dependent Variable:* ARL				

Source: SPSS output, 2020

If du <dw <4-du, then there is no positive or negative autocorrelation in the regression equation model or Ho is not rejected. The output from Table 6. on the autocorrelation test shows the value of DW = 1.915. Based on the 5% significance level on the total data 200 (n = 200) and 3 independent variables (k = 3), the values obtained from the Durbin-Watson table dl = 1.7382 and du = 1.7990. The value of dw (1.915) is greater> than the higher limit (du) 1.7990 and less than <4-du (4-1.7990) = 2.201. So, it can be concluded that there is no autocorrelation in the regression version used in this study.

4.4 Multiple Regression Analysis Test

The results of multiple regression analysis and multiple linear regression equations are presented in the following table.

Table 7: Multiple Regression Analysis Test Results

Coefficients[a]

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.
		B	*Std. Error*	Beta		
1	(*Constant*)	77,654	7,935		9,786	,000
	SWITCH	,470	,890	,036	,528	,598
	SIZE	,478	,645	,049	,741	,460
	OPINI	-5,192	,909	-,387	-5,714	,000
a. *Dependent Variable:* ARL						

Source: SPSS output, 2020

Based on Table 7, the multiple regression equation is obtained as follows:

ARL = 77,654 + 0,470 SWITCH + 0,478 SIZE – 5,192 OPINI

A constant of 77,654 means that the amount of audit report lag that occurs is 77,654 days if the independent variables (auditor change, company size, audit opinion) are considered constant or zero (0). As for the coefficient value of β_1 is positive at 0.470 indicating that if the variable company size and audit opinion are constant, then every one unit increase in auditor change will increase the audit report lag variable by 0.470 days. This means that if the change of auditors by replacing the old public accountant is carried out, the audit report lag will increase. Coefficient value of β_2 is positive at 0.478 indicating that if the variable auditor turnover and audit opinion are constant, then every 1 unit growth in the company size variable will increase the audit report lag variable by 0.478 days. This means that if the size of the company increases, the audit report lag can also growth. For the coefficient value of β_3 amounting to -5,192 which is negative means that companies that get an unqualified opinion can lessen the audit report lag or 5.192 days faster than companies that get an opinion aside from an unqualified opinion.

4.5 Hypothesis Testing

Simultaneous F test is used to peer the impact of the independent variables together on the dependent variable with the hypothesis:

Ho : $\beta = 0$ (The dependent variable simultaneously does not affect the dependent variable)

Ha : $\beta \neq 0$ (The dependent variable simultaneously affects the dependent variable)

The basis for the selection is Ho will be accepted if F count ≤ F table or significance ≥ 5% and Ha is accepted if F count> F table and sig <5%. To perform the F test can be seen in the ANOVA table below.

Table 8: Simultaneous Significance Test Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1352,896	3	450,965	12,078	,000[b]
	Residual	7317,984	196	37,337		
	Total	8670,880	199			

a. Dependent Variable: ARL

b. Predictors: (Constant), OPINI, SIZE, SWITCH

Source: SPSS output, 2020

Based on the amount of data as much as 200 (n = 200) and 3 independent variables (k = 3) at the 5% significance level, the value obtained from F table = 2.65. In Table 8, it is obtained that the value of F = 12.078> 2.65 (and sig = 0.000 <5%) means that the independent variable auditor turnover, company size, and audit opinion simultaneously have a significant effect on the dependent variable on total lag, so Ho is rejected. In other words, the independent variables auditor turnover, company size, and audit opinion are able to explain the size of the audit report lag dependent variable. While the t statistical test aims to measure how the influence of one independent variable individually in explaining the variation of the independent variable with the following hypothesis:

Ho = The independent variable has no effect on the dependent variable.

Ha = independent variable affects the dependent variable.

The basis for decision making, namely Ho is accepted if - t table ≤ t count ≤ t table or significance ≥ 5%. Ho is rejected if (t count <- t table or t count> t table) and the significance is <5%. With the level of the independent variable = 95% or (α) = 0.05. Degrees of freedom (df) = n - k - 1 = 200 - 3 - 1 = 196, and the two-sided test is obtained from a t value of 0.05 = 1.972. The output results from SPSS are as follows.

Table 9: Results of the Significance of Individual Parameters

Coefficients[a]				
Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		9,786	,000
	SWITCH	,036	,528	,598
	SIZE	,049	,741	,460
	OPINI	-,387	-5,714	,000
a. Dependent Variable: ARL				

Source: SPSS output, 2020

The results of statistical testing with SPSS are as shown in Table 9, namely in the X1 variable (auditor change), the t value = 0.528 which means - 1.972 ≤ 0.528 ≤ 1.972 and significance = 0.598> 5% so that Ho is accepted. Thus the auditor turnover variable has no effect on the audit report lag dependent variable. In the variable X2 (company size), the t value = 0.741, which means - 1.972 ≤ 0.741 ≤ 1.972 with a sig = 0.460> 5% so that Ho is accepted. This means that the firm size variable has no effect on the audit report lag dependent variable. In the X3 variable (audit opinion), the t value = - 5.714 which means - 5.714 <- 1.972 and the significance level = 0.000 <5%, so Ho is rejected. Thus the audit opinion variable statistically has a negative effect on the dependent variable on audit report lag.The Multiple Determination Coefficient (R2) test aims to measure how far the model's ability to explain the variation in the dependent variable.

Table 10: Multiple Determination Coefficient Test (R^2)

Model	R	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Durbin-Watson*
1	,395[a]	,156	,143	6,110	1,915

a. *Predictors*: (*Constant*), OPINI, SIZE, SWITCH

b. *Dependent Variable:* ARL

Source: SPSS output, 2020

In Table 10., the value of Adjusted R^2 is 0.143 or equal to 14.3% is obtained. This means that the independent variable auditor change, company size, audit opinion jointly affect the dependent variable audit report lag by 14.3% and the rest, namely 100% - 14.3% = 85.7% is influenced by other variables not included. into this research.

5. Discussion

The first hypothesis states that the change in auditors has an effect on the audit report lag. Based on the results of testing the significance of individual parameters carried out by researchers, it was found that the auditor turnover variable proved insignificant to have an effect on the audit report lag. This situation resulted in the first hypothesis being rejected. The rejection of the first hypothesis indicates that the change in auditors carried out by the company does not guarantee that the publication of the annual financial statements will be on time. That way, the audit process and publication of the annual financial statements are not affected by the change of auditors. The change of auditors can be determined and carried out by the company long before the examination of the financial statements is carried out even before the closing book year is over. The new public accountant can take the time to learn more about the consumer's business environment and client audit risk from the start so that it will not impact the audit process resulting in an audit report lag. From the results of this research data processing, it can also be seen, generally companies use the services of a new public accountant but are still in the same registered public accounting firm so that new public accountants can understand some of the characteristics of client companies based on general data that has been obtained by old public accountants and of course added understanding of characteristics. Others according to the initial stages of the examination to be carried out. The results of the individual parameter significance testing carried out by the researcher with the information that the auditor turnover variable is not significant has an effect on the audit report lag. This is in the same direction as a research by [9] which proves that the change of auditors does not guarantee the timeliness of the process of submitting financial reports. In addition, the results of the individual parameter significance test conducted by this researcher also refute other research conducted by [8] on his statement that the auditor turnover variable has a positive effect on the audit report lag. This is because audit planning can be carried out by a new public accountant in three to six months before the client's fiscal year is completed. The second hypothesis suggests that company size has an influence on the audit report lag. Based on the research results in the firm size variable in the second hypothesis test, the significance value is greater than 0.05 (0.460> 0.05).

This situation means that the second hypothesis which states that company size has an influence on the audit report lag is rejected, so it shows that the size of the company is not significant has an effect on the audit report lag. Because, each company must be monitored by regulators, investors and various other parties, which makes companies with large or small total assets have equal pressure and opportunities when carrying out the process of submitting financial reports. In addition, sourced from SA (Audit Standard) 700 which is still effective, it confirms that the audit report must include a statement if the audit is carried out based on SA determined from IAPI (Indonesian Public Accountants Association). In this way, public accountants are prosecuted so that they have a professional attitude and are sufficient for the SA determined by the IAPI when carrying out audit work, regardless of the size of the client companies to be examined. It can also be seen from the results of this research data processing which has the most total assets during the research period, namely PT Gudang Garam Tbk, the issuer company only experienced an audit report lag for 84 days which was included in the moderate category, neither fast nor slow. So that the total value of asset ownership owned by the company will not hinder or shorten the audit report lag [31]. The results of the individual parameter significance testing carried out with the company size variable are in line with the research from [9] which proves that company size has no effect on the length of time for the publication of annual financial reports. In addition, the results of the individual parameter significance test conducted by this researcher also refute the research carried out by [23] along with a research descriptions by [15] on statements about company size having a negative effect on audit report lag. The third hypothesis states that the audit opinion has an influence on the audit report lag. Based on the results of the individual parameter significance testing carried out, it is found that the audit opinion is proven to have a significant negative effect on the audit report lag. The third hypothesis test obtained a significance value smaller than 0.05 (0.000 <0.05). So that the third hypothesis which states that company size has an influence on the audit report lag is accepted. The results of this research can be defined if a company gets an unqualified opinion, the faster it is to provide their financial reports because it is considered good information so that it needs to be published immediately, while companies based on an audit opinion other than an unqualified opinion are suspected to be less interesting news which results in negotiations between Regarding the purpose of the sharing of opinion with the company, the public accountant is other than the unqualified opinion and makes the audit report lag time relatively long. In addition, the audit of financial reports by a public accountant who is required to meet professional standards and the accountability of the results of the audit opinion will require a considerable amount of time due to careful examination carried out, resulting in long audit processing time and delays in the process of submitting audit financial reports [11]. The results of descriptive statistical testing also show that the majority of manufacturing companies on the IDX in 2016-2018 get unqualified opinion on their financial reports, and the percentage of manufacturing companies getting unqualified opinion increases every year. This situation indicates that if the quality of the presentation of the company's financial statements is improving, it can be proven through the change of opinion other than unqualified opinion in 2016 and / or 2017 to become unqualified opinion in 2017 and / or 2018 that the company obtained. The results of the individual parameter significance testing carried out by the researcher with the audit opinion variable are in line with the research by [5,24] proving that the audit opinion has an influence on the audit report lag and also shows that companies that get unqualified opinions are faster during the process. submit their financial reports. In addition, the results of the individual parameter significance test carried out by this researcher also refute the research conducted by [25] if the type of audit opinion shared from public accountants has no effect on sooner or later the audit report lag period.

6. Conclusion

This study aims to test empirically the effect of auditor change, company size and audit opinion on audit report lag in manufacturing companies listed on the Indonesia Stock Exchange for the period 2016 to 2018 with 72 manufacturing companies and 200 sample company data. Conclusions based on the results and discussion of this study indicate that auditor turnover and company size do not affect the audit report lag, while audit opinion affects the audit report lag. This study did not escape the existing limitations. Because this study is based on secondary data sources for companies in Indonesia obtained from the Indonesia Stock Exchange website, there are many companies that were excluded from the sample due to incomplete company data needed. In addition, the research model passed the fulfilled the normality test, classical assumption test, autocorrelation, and multicollinearity, while in the heteroscedasticity test there was one independent variable, namely the size of the company experiencing heteroscedasticity symptoms. However, estimates from Ordinary Least Squares (OLS) still contain irregularities and are consistent but less efficient for both small and large samples [32]. Meanwhile, the coefficient of determination (R2) reveals that the audit report lag can only be explained by the variables of auditor turnover, company size, and audit opinion of 14.3% and the remaining 85.7% is explained by other variables outside the variable. independent of this research. The recommendations in this study are primarily based totally on the existing limitations and outcomes, namely for companies and auditors to preserve to enhance the quality of their financial reports and their inspection processes so that the audit report lag that occurs in the company turns into a fast or possibly very quick criterion so that the audited financial report information is more reliable and reliable. In addition, the Company is also expected to maintain fairness in the formation of financial statements so that it does not receive an opinion other than an unqualified opinion on its financial statements because it affects the length of the process of examining and publishing financial statements. For next research it is recommended to look or add for other independent variables that can influence audit report lag factors such as size of KAP, size of audit committee, and company age and can use a wider range of references and data samples besides manufacturing companies so as to minimize the possibility of sample expenditure. of the research to be carried out.

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