Global Research Review in Business and Economics [GRRBE]
ISSN (Online) 2454-3217, ISSN (Print) 2395-4671
| Open-Access | Volume 11, Issue 04,
Pages 13-25 ||2025||

The Effect of Audit Fee, Audit Tenure, Audit Rotation and Company Size on Audit Report Lag in Banking Companies Listed on the Indonesia Stock Exchange (IDX) in 2019-2024

Aurina Dwi Pusparani [1], Syarbini Ikhsan[2], Rudy Kurniawan[3], Vitriyan Espa[4], Sari Rusmita[5]
[1, 2, 3, 4, 5] *(Faculty of Economics and Business, Tanjungpura University, Indonesia)*

ABSTRACT

Audit Report Lag (ARL) is the time difference between the end of the fiscal year and the date of issuance of the independent audit report. ARL is an important indicator in maintaining transparency and efficiency of information in the capital market, especially in the banking sector which has complex characteristics and is closely monitored. This study aims to analyze the effect of audit fees, audit tenure, audit rotation, and company size on ARL in banking companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2024. This study uses secondary data in the form of annual reports from 32 banking companies selected through a purposive sampling method, with multiple linear regression analysis techniques.

The results of the study indicate that only the audit tenure variable has a significant effect on ARL. The positive coefficient of audit tenure indicates that the longer the relationship between the auditor and the client, the longer the time required to complete the audit process. Meanwhile, audit fees, audit rotation, and company size do not have a significant effect on ARL. These findings indicate that the timeliness of audit reporting is more influenced by operational complexity, the effectiveness of the internal control system, and the dynamics of the working relationship between the auditor and management.

The recommendations from this study are the importance of regulators and stakeholders to consider system readiness and company complexity, not just costs, in setting reporting deadlines. In addition, Public Accounting Firms (KAP) need to improve the quality of auditor rotation and update audit methodologies periodically. This study provides practical and theoretical contributions to the audit literature in developing countries and becomes a reference for improving audit quality in the banking sector.

KEYWORDS - Audit Report Lag, Audit Fee, Audit Tenure, Audit Rotation, Company Size

1. INTRODUCTION

Audit Report Lag (ARL), or audit delay, refers to the time gap between the end of the fiscal year and the publication date of the independent audit report. Timeliness in audit reporting plays a crucial role in supporting transparency and efficiency in capital markets, as well as influencing the decision-making processes of investors, creditors, and regulators. In the banking sector characterized by high complexity and significant exposure to systemic risk delays in audit reporting can have a substantial impact on public perception and financial stability. Timely reporting is particularly vital given that the banking industry serves as a cornerstone of the national financial system. Financial reporting delays may undermine market confidence and negatively affect the stability of financial systems (Kaaroud et al., 2020; Oussii & Taktak, 2018).

A prompt and positive audit report can signal to investors that the bank's financial information is reliable, thereby enhancing investor confidence and accelerating decision-making (Malchev & Lazarevska, 2023). Conversely, delayed audit reports may hinder effective oversight by financial authorities (Chalu, 2021), highlighting the need for risk-based audit approaches, as suggested by Dharmawati et al. (2024), to improve transparency and accountability in banking operations. Timeliness in audit reporting should not be overlooked, especially in the banking sector. Audit delays can have serious consequences on market perception and regulatory supervision, which in turn may affect the overall stability of the financial system (Kaaroud et al., 2020; Oussii & Taktak, 2018).

This issue has also been observed in Indonesia. According to data from the Indonesia Stock Exchange (IDX), the number of issuers that delayed the submission of financial reports has steadily increased over the years. In 2019, 30 issuers were recorded as late, rising to 91 issuers in 2021, peaking at 129 in 2023, and slightly decreasing to 128 in 2024. These figures indicate that audit report delays remain a significant concern that must be addressed from various perspectives, including auditor and firm-specific characteristics.

Table 1. Number Delay Issuer In Submission Report Finance

Year Report Finance	Based on the Decision	Late Issuers
2019	No. Peng-LK-00008/BEI.PP1/08-2020	30
2020	No. Peng-LK-00006/BEI.PP1/07-2021	52
2021	No. Peng-LK-00003/BEI.PP1/05-202	91
2022	No. Peng-LK-00009/BEI.PP1/05-2023	61
2023	No. Peng-S-00012/BEI.PLP/04-2024	129
2024	No. Peng-S-00006/BEI.PLP/04-2025	128

Source: www.idx.co.id , data processed writer

Previous studies have produced mixed results regarding the factors that influence Audit Report Lag (ARL). Some studies suggest that audit fees have a positive effect on ARL, reflecting the complexity of audit tasks (Sijabat & Pangaribuan, 2023), while others indicate that audit fees do not have a significant influence (Rohmah et al., 2023). Audit tenure is believed to accelerate the audit process through improved efficiency (Fajriyah et al., 2024), although contrasting findings have been reported by Mubarok et al. (2022). Audit rotation is commonly associated with longer ARL due to the adaptation period required by new auditors (Raza et al., 2023). Meanwhile, company size can either shorten or prolong ARL depending on the firm's internal complexity and systems (Widyastuti et al., 2022; Novianty et al., 2022).

These varying findings suggest that the influence of these variables on ARL is contextual and necessitates further empirical investigation, particularly within the banking sector.

This study aims to examine the effect of audit fees, audit tenure, audit rotation, and company size on ARL in banking companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2024. The findings are expected to contribute to the development of auditing literature in developing countries and serve as a reference for auditors, regulators, and banking management in improving audit efficiency and ensuring timely financial reporting.

2. LITERATURE REVIEW

1.1. Audit Report Lag

Audit Report Lag (ARL) refers to the time difference between the end of the financial reporting period and the date of submission of the independent audit report. ARL reflects the timeliness of the external audit process and serves as a critical indicator of financial reporting quality, especially in the banking industry, which heavily relies on accurate and timely information. Timely audit reporting is crucial because delayed information may reduce the relevance of financial statements for decision-makers and may also indicate potential internal control or operational issues within the company (Ashton et al., 1987).

Audit delays can be caused by various factors such as operational complexity, weaknesses in internal control systems, changes in auditors, and challenges in gathering audit evidence. Additionally, the implementation of new accounting standards and the involvement of first-year auditors may contribute to prolonged audit durations (Carslaw & Kaplan, 1991; Givoly & Palmon, 1982). A study by Hossain et al. (2020) also highlights that qualitative aspects such as the auditor's reporting style and disclosure practices are related to the length of the audit process.

The impact of a prolonged ARL is significant. It can generate negative perceptions regarding a company's transparency and governance, reduce investor confidence, and affect stock prices (Owusu-Ansah, 2000). In the banking context, audit delays may also attract scrutiny from supervisory authorities and harm the reputation of financial institutions. Therefore, ARL has become a critical focus in the study of audit effectiveness and the quality of financial reporting.

1.2. Audit Fee

Audit fees, or audit honorariums, are payments made by clients to auditors in exchange for the audit services rendered. According to agency theory proposed by Jensen and Meckling (1976), audit fees function as a control mechanism used by the company's owners (principals) to monitor the actions of management (agents). Auditors

are responsible for providing assurance regarding the fairness of financial statements, and thus, the amount of audit fees paid can be seen as a reflection of the extent of oversight required. Reasonable audit fees can enhance audit quality, reduce information asymmetry, and help auditors complete their work in a timely and effective manner.

However, excessively high audit fees may threaten auditor independence. DeAngelo (1981) argues that an auditor's economic dependence on a client can lead to conflicts of interest, wherein auditors may be reluctant to disclose unfavorable findings or may reduce the rigor of audit procedures to retain the client. This condition, referred to as *economic bonding*, poses a risk to auditor objectivity. Studies such as Agre and Febrianto (2023) have shown that excessively high audit fees may, in fact, prolong the audit process or increase the audit report lag (ARL), particularly when auditors face client pressure or encounter high audit complexity.

Overall, audit fees present a dual impact. On the one hand, adequate compensation can improve the efficiency and timeliness of audit reporting. On the other hand, disproportionately large fees can pose risks to auditor impartiality and potentially cause audit delays. Therefore, it is essential for both auditors and company management to maintain a balance between fair compensation for audit services and the preservation of professional independence.

1.3. Tenure Audit

Audit tenure refers to the duration of the working relationship between an external auditor and a client. Within the audit context, extended tenure can offer significant advantages, including a deeper understanding of the client's internal systems, business processes, and risk exposures. This familiarity may enhance audit efficiency and contribute to a reduction in Audit Report Lag (ARL), as auditors are not required to reacquaint themselves with the client's environment annually (Geiger & Raghunandan, 2002; Akono, 2020).

Nevertheless, prolonged auditor-client engagements may give rise to concerns, particularly the familiarity threat. As noted by Arens et al. (2010), an excessively long relationship may impair auditor objectivity due to increased comfort or closeness with the client. Such conditions can erode professional skepticism and, in turn, compromise the quality of the audit (Khaksar et al., 2021). While auditors may achieve operational efficiency through prolonged engagement, their diminished critical stance could paradoxically delay the audit reporting process.

Empirical evidence regarding the impact of audit tenure on ARL remains inconclusive. For instance, Pradipta and Zalukhu (2020) found that longer tenure is associated with reduced ARL due to increased audit effectiveness over time. Conversely, Kaira et al. (2023) argue that while tenure fosters auditor familiarity, it may also weaken auditor independence, potentially extending the audit timeline in cases where leniency occurs. Similarly, Vidhiyanty et al. (2022) observed that although audit tenure may enhance audit quality, its effect on ARL may be statistically insignificant or even adverse when not accompanied by adequate oversight mechanisms.

In summary, audit tenure plays a vital role in the interplay between audit efficiency and financial reporting quality. While long-term engagements may improve reporting timeliness, they also risk undermining independence and audit credibility. Striking an appropriate balance between operational familiarity and auditor objectivity is therefore essential in mitigating audit delays associated with extended tenure.

1.4. Audit Rotation

Audit rotation is a mandatory policy that regulates the periodic replacement of external auditors to safeguard auditor independence and objectivity. In Indonesia, this requirement is stipulated under the Ministry of Finance Regulation (PMK) No. 17/PMK.01/2008 and monitored by the Financial Services Authority (OJK). The regulation mandates companies to rotate their Public Accounting Firms (PAFs) after a specified period to prevent the risks associated with prolonged auditor-client relationships that could compromise audit quality. The primary aim of this rotation is to ensure that auditors remain impartial when evaluating their clients' financial statements (Liu et al., 2021).

Despite its intended benefits, the implementation of audit rotation is not without consequences, particularly in relation to Audit Report Lag (ARL). The transition from a former to a newly appointed auditor typically requires more time, as the new auditor must gain an understanding of the client's information systems, internal control structures, and financial reporting characteristics. Carcello and Nagy (2004) emphasized that while audit rotation enhances independence, it can also lead to audit delays during the initial implementation due to the

learning curve faced by the incoming auditor. This observation is further supported by Febrianingrum et al. (2023), who found that the new auditor's experience and industry-specific knowledge significantly influence audit efficiency.

Mulyadi and Suryandari (2021) argued that audit rotation plays a vital role in maintaining auditor independence; however, in practice, it often contributes to increased ARL, especially during transition periods. While auditor rotation may improve audit quality over the long term, in the short term it can hinder reporting timeliness. Similarly, Raza et al. (2023) highlighted the dilemma between maintaining auditor objectivity through rotation and sustaining reporting efficiency. Their findings suggest that overly extended audit tenures can result in "familiarity threats," whereas overly frequent rotations may disrupt the audit process and compromise efficiency.

In conclusion, audit rotation serves a strategic function in preserving the independence and integrity of the audit process. Nevertheless, its potential to prolong audit reporting time particularly during transitional phases must be anticipated. Therefore, it is essential for regulators and companies to strike a balance between promoting auditor independence and maintaining the efficiency and timeliness of financial reporting, so that neither audit quality nor the relevance of financial information is compromised.

1.5. Firm Size

Company size is an important variable in accounting research, often used as an indicator of an entity's operational complexity and managerial capability. According to Widyastuti et al. (2022), as a company becomes larger, its organizational structure and operations tend to grow more complex, which can directly impact the audit process. Company size is typically measured by total assets, annual revenue, or market capitalization (Fitria & Umaimah, 2022). In the context of auditing, large firms often engage in higher volumes of transactions and operate across multiple geographic locations, which increases the level of difficulty in examining financial reports.

However, larger companies usually possess advantages in terms of resources and internal infrastructure. They tend to have stronger internal control systems, more competent accounting staff, and a higher level of compliance with financial reporting standards due to reputational concerns and greater public scrutiny (Novianty et al., 2022). These factors can assist auditors in obtaining sufficient audit evidence more efficiently, thereby potentially reducing Audit Report Lag (ARL). Willy (2024) found that although large companies present more complexity, the availability of adequate systems and human resources can accelerate the audit process.

Thus, the relationship between company size and ARL is bidirectional. On one hand, the complexity and scale of operations may extend the audit duration. On the other hand, sophisticated reporting systems, effective internal controls, and high-quality data management in larger firms can, in fact, help shorten ARL (Setyasari et al., 2022). Therefore, the net effect of company size on audit timeliness depends on the balance between operational complexity and the efficiency of internal systems.

1.6. Audit Fee Against Audit Report Lag

Based on various prior studies, the relationship between audit fees and Audit Report Lag (ARL) has produced mixed and inconsistent findings. Research by Rohmah et al. (2023) indicates that while audit fees have a positive but insignificant influence on ARL. Although higher audit fees are often associated with the engagement of professional and experienced auditors—implying better audit quality timeliness in audit completion is not necessarily guaranteed, as it largely depends on the complexity of the audit itself.

In contrast, Sijabat and Pangaribuan (2023) found that audit fees have a positive and significant effect on ARL, suggesting that higher audit fees are associated with longer audit completion times. This may be attributed to the fact that higher audit fees often reflect more complex audit engagements, which naturally require a longer duration to complete. Similarly, Mubarok et al. (2022) argued that audit fees are the outcome of negotiations between auditors and clients, considering factors such as the complexity of the audit, auditor independence, and the level of expertise required. Thus, the influence of audit fees on ARL may be positive, yet not always statistically significant.

Overall, the relationship between audit fees and audit report lag tends to be positive, as higher fees are frequently linked to more complex and time-consuming audit processes. However, the significance of this relationship is highly context-dependent and varies according to the specific characteristics of the audited

company.

H_1= There is the influence of audit fees on audit report lag

1.7. Audit Tenure Against Audit Report Lag

Audit tenure, or the audit engagement period, refers to the length of the professional relationship between an auditor or public accounting firm (KAP) and the client company. Theoretically, a longer audit engagement enables the auditor to gain a deeper understanding of the client's internal control systems, business risks, and operational characteristics. This familiarity has the potential to improve audit efficiency and accelerate the reporting process, as the auditor possesses a comprehensive archive of historical data to reference during the examination. Fajriyah et al. (2024) found that audit tenure has a negative and significant effect on Audit Report Lag (ARL), suggesting that the longer the auditor-client relationship, the quicker the audit can be completed. This is attributed to the auditor's enhanced understanding of the client's condition, which facilitates a more effective and efficient audit design.

However, other studies have reported contrasting findings. Mubarok et al. (2022) and Sijabat & Pangaribuan (2023) concluded that audit tenure does not have a significant effect on ARL. They argued that auditors are expected to perform their duties professionally in accordance with prevailing standards and ethical guidelines, regardless of how long they have worked with a particular client. In this view, the timely completion of audits is primarily driven by the auditor's professional responsibility to meet stakeholder expectations, not necessarily by the duration of the engagement. Additionally, a longer audit tenure does not always lead to a shorter ARL if the auditor encounters data complexity or other technical challenges. These findings indicate that auditor professionalism and the application of reporting standards may play a more dominant role than the length of the auditor-client relationship in determining the timeliness of audit reporting.

H_2= There is the effect of audit tenure on audit report lag

1.8. Rotation Audit Against Audit Report Lag

Audit rotation is a policy that mandates the periodic change of auditors to safeguard their independence and objectivity. While theoretically, audit rotation is expected to prevent excessive familiarity between auditors and clients—which may compromise auditor independence (Mulyadi & Suryandari, 2021)—in practice, the rotation of auditors often results in an increase in Audit Report Lag (ARL), particularly during the transition period. New auditors require additional time to understand the client's organizational structure, accounting systems, and business complexities, which can lead to delays in audit completion.

A study by Rohmah et al. (2023) found that although audit rotation is positively associated with ARL, the relationship is not statistically significant, indicating that the practical impact of auditor rotation on reporting delays is not always consistent. This is supported by Raza et al. (2023), who highlighted the dilemma between maintaining auditor objectivity through mandatory rotation and ensuring audit process efficiency. In the long term, audit rotation may contribute to improved audit quality by reinforcing auditor independence. However, in the short term, the adaptation period required by new auditors can hinder the timeliness of financial reporting.

H_3= There is the effect of audit rotation on audit report lag

1.9. Firm Size Against Audit Report Lag

Firm size has a significant relationship with Audit Report Lag (ARL) as it reflects the level of operational complexity and managerial capacity of an entity. Larger companies typically engage in broader business activities, handle more complex transactions, and possess more intricate organizational structures, which can potentially increase delays in the audit process (Widyastuti et al., 2022). However, on the other hand, large-scale firms are generally supported by stronger internal control systems, more competent accounting staff, and higher levels of compliance with financial reporting standards due to reputational demands and public oversight (Novianty et al., 2022). These factors can actually facilitate the faster preparation and verification of financial reports by auditors. Therefore, although firm size may increase the audit workload, the availability of internal resources and infrastructure in larger firms also allows the audit process to be conducted more efficiently, potentially leading to a shorter ARL (Willy, 2024).

H_4= There is the influence of firm size on audit report lag

3. METHOD

This study was conducted using secondary data in the form of annual reports from banking sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2024**.** The data were obtained from the official IDX website (www.idx.co.id) and the respective company websites. The research population consisted of companies in the banking sector, and a purposive sampling technique was employed to select the sample. Based on the predefined criteria, a total of 32 banking companies were selected as the research sample for the 2019–2024 period.

Table 2. Identification and Measurement Variables

Variable	Type	Variable Name	Proxies	Symbol	Definition of Variable	Operational
Audit Report Lag	Dependent	Audit Delay	Difference day between two date	ARL	Hose time between date closing year book and date publishing audit report	ARL = Date audit report – Date report finance
Audit Fee	Independent	Audit Fee	Natural logarithm of professional fee	FEE	The fee received by the auditor for audit services provided	FEE = Ln (Professional Audit Fee)
Tenure Audit	Independent	Tenure Audit	Amount year engagement	TENURE	The number of years the auditor has been handling audits on the same client in a way	TENURE = Amount year Work The same between companies and KAPs in general consecutive
Variable	**Type**	**Variable Name**	**Proxies**	**Symbol**	**Definition of Variable**	**Operational**
					consecutive	
Audit Rotation	Independent	Auditor Rotation	Dummy Variable	ROTATE	Substitution office accountant public in the company	ROTATE = 1 if happen rotation, 0 if No
Firm Size	Independent	Firm Size	Natural logarithm of total assets	SIZE	Size big or small company based on asset	SIZE = Ln (Total Assets)

4. RESULTS AND DISCUSSION

There are three commonly used approaches in panel data model estimation: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). The next step is to perform model selection to determine the most appropriate model for producing reliable and accurate analysis. This is carried out through a series of statistical tests, namely: the Chow Test (to compare CEM vs. FEM), the Hausman Test (to compare FEM vs. REM), and the Lagrange Multiplier (LM) Test (to compare CEM vs. REM). The panel data model results used in this study are presented as follows.

Table 3. Data Panel Test Results

Information	*Prob Cross Section F*	Significance
Chow Test	0.00000	0.05
Hausman Test	0.05580	0.05
Lagrange Multiplier	0.00000	0.05

Source: *e-views output 10*

Based on the results of the panel data model selection tests, the probability value of the Chow test was 0.00000, which is less than the significance level of 0.05, indicating that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model (CEM). However, the Hausman test produced a probability value of 0.05580, which is greater than 0.05, suggesting that the Random Effect Model (REM) is more suitable than the Fixed Effect Model. Additionally, the Lagrange Multiplier (LM) test showed a probability value of 0.00000, which is also below 0.05, indicating that the Random Effect Model is preferred over the Common Effect Model.

Therefore, based on the results of all three tests, it can be concluded that the Random Effect Model (REM) is the most appropriate model to be used in this study.

The study applies multiple linear regression analysis, a commonly used statistical method to examine the relationship between independent variables (X) and the dependent variable (Y). The data were analyzed using the Random Effect Model (REM) covering the period from 2019 to 2024, with the aid of EViews version 10.0 statistical software.

Table 4. Regression Results Linear Multiple with Random Effect Model (REM)

Variables Study	*Coefficient*	Information
Constants	6,6030	Positive
Fee (FA) → Audit *Report Lag* (ARL)	-0.0401	Negative
Audit *Tenure* (AT) → Audit *Report Lag* (ARL)	0.1483	Positive
Rotation (RA) → Audit *Report Lag* (ARL)	-0.0104	Negative
Company Size (UP) → Audit *Report Lag* (ARL)	-0.0504	Negative

Source: *e-views output 10*

The results of the regression estimation indicate that the constant has a value of 6.6030 and is positive, which implies that if all independent variables are equal to zero, the estimated Audit Report Lag (ARL) would be 6.6030. The Audit Fee (FA) variable has a coefficient of -0.0401, suggesting a negative influence on ARL. This means that as audit fees increase, the audit report lag tends to decrease, potentially due to improved auditor capacity or resource allocation. In contrast, the Audit Tenure (AT) variable has a positive coefficient of 0.1483, indicating that longer audit tenure is associated with an increase in ARL, possibly due to reduced auditor skepticism over time. The Audit Rotation (RA) variable has a coefficient of -0.0104, reflecting a negative relationship with ARL. This suggests that audit rotation may contribute to faster audit reporting by maintaining auditor objectivity and reducing over-familiarity. Lastly, the Company Size (UP) variable carries a negative coefficient of -0.0504, implying that larger companies tend to experience shorter audit report lags. This may be attributed to better internal controls, more competent accounting staff, and higher reporting standards typically found in larger firms.

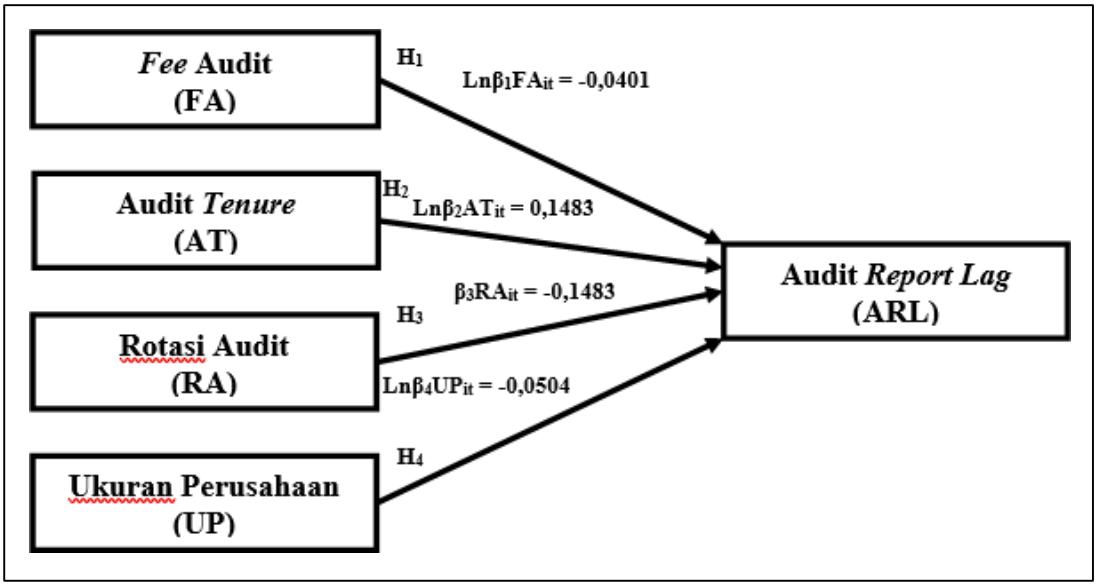

Figure 1. Framework Conceptual Regression Results Linear Multiple with Random Effect Model (REM)

The Goodness of Fit test is employed to assess the suitability or adequacy of a regression model. One common method to evaluate model fit is through the F-statistical test. The hypotheses used in the F-test are:

1. H_0: The model is not appropriate or has no explanatory power,
2. H_1: The model is appropriate and can adequately explain the variation in the dependent variable.

A significant F-test result (p-value < 0.05) indicates that the regression model as a whole is statistically valid and suitable for use in further analysis.

Table 5. Goodness of Fit Test (F-test)

Variables Study	F count	F table	Conclusion
Fee (FA), Audit *Tenure* (AT), Audit Rotation (RA), Firm Size (UP) → Audit *Report Lag* (ARL)	3,2726	2.42	*Goodness of Fit*

Source: *e-views output 10*

The results of the F test obtained mark F count 3.2726 > F table 2.42, so can concluded that hypothesis study This reject H0 and accept H1. This means that Audit Fee (FA), Audit Tenure (AT), Audit Rotation (RA) and Company Size (UP) have significant influence on Audit Report Lag (ARL). Research results This show support statistics to the proposed research model or in other words research model the supported in a way empirical and theoretical on variables (free and dependent), because mark $F_{count} > F_{table}$ so that the research model has show goodness *of* fit.

Coefficient test determination (R^2) measures how much Far the model's ability to explain variation variable independent. As for the coefficient test hypothesis determination (R^2) where H0 (model is less feasible and variable independent not enough capable explain variable dependent) and H1 (feasible model and variables independent very influential to variable dependent).

Table 6. Coefficients Determination (R^2) Test Results (R^2)

Variables Study	*R-squared*
Fee (FA), Audit *Tenure* (AT), Audit Rotation (RA), Firm Size (UP) → Audit *Report Lag* (ARL)	0.4463

Source: *e-views output 10*

The results of the coefficient of determination (R^2) test indicate a value of 0.4463 or 44.63%. This means that 44.63% of the variation in Audit Report Lag (ARL) can be **explained** by the independent variables used in this study, namely Audit Fee (FA), Audit Tenure (AT), Audit Rotation (RA), and Company Size (UP)**.** Meanwhile, the remaining 55.37% is influenced by other factors **outside** the regression model that were not included in this study.

Hypothesis Test (T-Test)
This t-statistical test is used to find out how much influence the independent variables have in explaining the dependent variable.

H_1= There is influence audit fee (FA) to audit report lag (ARL)

The first hypothesis in this study aims to examine the effect of audit fees (FA) on audit report lag (ARL) in banking companies listed on the Indonesia Stock Exchange (IDX). Based on the regression analysis results, the audit fee variable has a coefficient of -0.0401, indicating a negative relationship with audit report lag. This suggests that theoretically, an increase in audit fees could reduce the duration of the audit process. However, the statistical test shows a t-value of -1.3893, which is lower than the t-table value of 1.9727, indicating that the effect is not statistically significant.

This finding can be explained from several perspectives. First, external auditors — especially those from large and reputable Public Accounting Firms (KAPs) — tend to adhere to established audit standards and reporting deadlines as stipulated in the audit engagement contract, regardless of the amount of fees received. Therefore, the magnitude of the audit fee does not directly determine the timeliness of audit completion.

Second, the characteristics of the banking sector also play a critical role. The banking industry typically maintains strong internal control systems and well-structured financial reporting procedures due to the strict oversight of the Financial Services Authority (OJK) and Bank Indonesia. These factors enable the audit process to be conducted efficiently, often independent of audit fee size.

In addition, listed banks are subject to strict reporting schedules mandated by capital market regulators and financial authorities, which require auditors to complete the audit within a specific timeframe, regardless of fee size.

Conceptually, these findings align with Agency Theory, as proposed by Jensen and Meckling (1976), which views audit fees as compensation for reducing information asymmetry between management (agent) and shareholders (principal), thereby enhancing the credibility of financial statements. However, the amount of audit fees is not necessarily correlated with audit speed. Professional auditors prioritize audit quality and compliance with audit standards, rather than solely focusing on completing the audit quickly. In fact, auditors receiving higher fees from large clients may perform audits more cautiously to protect their reputation and avoid potential conflicts of interest that may affect their independence.

Thus, although the direction of the relationship between audit fees and audit report lag is negative, the relationship is not statistically significant, likely due to other dominant influencing factors such as internal reporting system effectiveness, the size and reputation of the audit firm, management quality, and the company's ownership structure. These findings are consistent with the research conducted by Egbunike and Asuzu (2020), which also found that audit fees have a negative but insignificant effect on audit report lag. This reinforces the argument that, particularly in the highly regulated banking sector with standardized reporting structures, audit fees are not the sole determinant of audit completion time.

H_2= There is influence audit tenure (AT) to audit report lag (ARL)

The second hypothesis of this study aims to examine the effect of audit tenure (AT) on audit report lag (ARL) in banking companies listed on the Indonesia Stock Exchange (IDX). Based on the regression analysis results, the t-statistic value is 2.0034, which exceeds the critical value of 1.9727, indicating that audit tenure has a statistically significant effect on audit report lag. Moreover, the regression coefficient of 0.1483 suggests a positive relationship, meaning that the longer the working relationship between the auditor and the client, the greater the likelihood of delays in the audit completion process.

These findings suggest that a prolonged audit engagement may lead to counterproductive outcomes in terms of audit efficiency. Over time, auditor independence may deteriorate due to a familiarity threat, where the auditor becomes overly accommodating or lenient toward the client. This close relationship can cause auditors to become excessively cautious in communicating findings or making critical assessments, particularly in complex or high-risk audit situations. While this caution may stem from a desire to maintain professionalism and integrity, it can inadvertently prolong the audit process, thus increasing audit report lag.

In the context of the Indonesian banking industry, which is characterized by high levels of operational complexity and is subject to strict regulation by the Financial Services Authority (OJK) and Bank Indonesia (BI), such dynamics are particularly relevant. Banks deal with diverse financial products, intricate risk management systems, and rigid reporting obligations. Although long-term auditor-client relationships may appear beneficial in terms of accumulated knowledge and familiarity with the client's operations, over-reliance on historical internal control systems can cause auditors to underestimate emerging risks. Consequently, auditors may require additional time to reassess audit approaches and perform more comprehensive verification procedures.

From a regulatory perspective, OJK mandates the rotation of audit partners every three years and audit firms (KAPs) every six years to preserve auditor independence. However, in practice, many banking institutions retain the same public accounting firm for extended periods, merely rotating the audit partner to comply with regulations. While this approach formally adheres to regulatory requirements, the substantive relationship between the audit firm and the client remains intact, thereby increasing the risk of over-familiarity. Such proximity may result in excessive caution in audit judgment, ultimately contributing to longer audit report lags.

Theoretically, this phenomenon is supported by Tenure Theory, which posits that long audit engagements may reduce auditor independence due to the development of emotional proximity between the auditor and the client. This familiarity threat may lead auditors to avoid confrontations on risky findings and opt to extend the audit timeline to preserve the professional relationship. The findings of this study are consistent with the research by Lisa and Hendra (2020), which also found a positive and significant relationship between audit tenure and audit report lag.

H_3= There is influence audit rotation to audit report lag

The third hypothesis of this study seeks to examine the effect of audit rotation on audit report lag (ARL) in banking companies listed on the Indonesia Stock Exchange (IDX). Based on the regression analysis, the audit rotation variable yields a coefficient of -0.0104, indicating a negative relationship with audit report lag. However, the t-statistic value of -0.1064 is lower than the critical value of 1.9727, suggesting that this influence is not statistically significant. These findings imply that although, in theory, audit rotation may promote audit efficiency, in practice it does not significantly affect the duration of audit reporting.

In the context of the highly regulated Indonesian banking sector—monitored by the Financial Services Authority (OJK) and Bank Indonesia (BI) financial reporting systems are well-standardized. Incoming auditors under a mandatory rotation scheme can leverage historical documentation and consistent accounting systems, enabling a more efficient adaptation to new clients. Moreover, banks as institutions are audited routinely every year, and generally maintain well-organized financial management systems supported by robust information technology infrastructure. This environment allows newly rotated auditors to more quickly understand the client's business characteristics, risk structures, and internal control environments.

In addition, newly appointed auditors often possess strong professional motivation to demonstrate their capabilities during their first engagement, which can enhance audit effectiveness and efficiency. As such, auditor changes do not necessarily result in delays; in some cases, they may even lead to improved audit timeliness. Nevertheless, it is important to highlight that auditor rotation regulations in Indonesia—mandating partner rotation every three years and firm rotation every six years are often administrative in nature. The audit teams involved may still originate from the same professional environment, which means the actual changes in audit approaches or processes may not be substantive. This helps explain why the statistical effect of audit rotation on audit report lag is relatively weak.

From the client management perspective, banking companies typically exhibit high levels of preparedness during the audit process, including during periods of auditor transition. Their ability to provide complete documentation and information plays a crucial role in minimizing audit delays, even when a new auditor takes over the engagement.

Theoretically, this finding aligns with Agency Theory, which positions auditors as independent agents responsible for reducing information asymmetry between managers (agents) and owners (principals). Auditor rotation is intended to preserve independence and enhance the quality of financial oversight. However, the results of this study suggest that the effectiveness of audit rotation in expediting audit reporting is highly dependent on implementation context, organizational preparedness, and the competence of the incoming auditor.

While auditor rotation remains a normative requirement to safeguard independence and objectivity, its practical impact on audit efficiency is not always statistically significant.

These findings are consistent with research by Enofe, Mgbame, and Abadua (2013), which similarly found that while audit rotation has a negative relationship with audit report lag, the effect was not statistically significant—albeit under different institutional and regulatory conditions.

H_4= There is the influence of firm size on audit report lag

The fourth hypothesis in this study aims to examine the influence of firm size on audit report lag (ARL) in banking companies listed on the Indonesia Stock Exchange (IDX). Based on the statistical test results, the t-statistic value for the firm size (UP) variable is -1.8634, while the t-table value is 1.9727, indicating that the t-statistic is lower than the critical threshold. Therefore, it can be concluded that the relationship between firm size and audit report lag is not statistically significant. In other words, although larger companies tend to complete their audits more quickly, this relationship is not strong enough to be considered statistically meaningful.

This finding can be explained by the specific regulatory environment of the Indonesian banking sector, which is heavily supervised by the Financial Services Authority (OJK) and Bank Indonesia (BI). All banks—regardless of their size—are required to comply with uniform financial reporting standards. The audit reporting timeline established by regulators is strict and binding, with no differentiation based on firm size. As a result, even though large banks may have more resources, this does not necessarily lead to a significant reduction in audit completion time.

Moreover, large-scale banks often have complex organizational structures and widespread branch networks, which may actually increase the audit workload. Such operational complexity can prolong the audit process, counterbalancing the advantages of greater resources. Although large firms may have superior systems and personnel, these benefits are often offset by the magnitude of audit risk and complexity involved in auditing large institutions.

In addition, nearly all banking companies—regardless of size—engage highly reputable Public Accounting Firms (KAPs) and employ standardized audit methodologies. This further minimizes any significant differences in audit duration between small and large banks.

These findings support the Contingency Theory, which posits that the outcomes of organizational processes, such as audit completion time, are influenced by the interaction of multiple internal and external factors, rather than a single factor such as firm size. Thus, audit timeliness is shaped by a combination of elements, including operational complexity, the quality of information systems, regulatory requirements, and auditor capacity.

This result is consistent with prior research by Sastrawan and Latrini (2016), which also found that firm size has a negative but statistically insignificant effect on audit report lag. While larger firms may tend to have shorter audit delays, this tendency is not strong enough to establish firm size as a primary determinant of audit timeliness in the banking sector.

5. CONCLUSION

The results of this study indicate that among the four tested factors, only audit tenure has a statistically significant influence on audit report lag (ARL). This finding suggests that the longer the auditor has worked with a client, the longer it may take to complete the audit report. This delay could be attributed to the auditor's increasing caution and familiarity, which, while intended to preserve audit quality and integrity, may extend the audit completion time. In contrast, audit fees, auditor rotation, and firm size were found to have no significant effect on ARL. This implies that the amount of payment, changes in auditor assignments, and company size do not substantially determine how quickly an audit report is finalized.

Based on these findings, it is recommended that regulators and relevant stakeholders should not solely focus on cost-related aspects when setting audit reporting deadlines, but also consider the company's operational complexity and system readiness. Auditors are encouraged to maintain a balance between time efficiency and audit quality, without compromising their professional independence.

The implementation of auditor rotation policies should be strengthened, not only at the partner level but also across the entire audit team, in order to prevent complacency. Public Accounting Firms (KAPs) are advised to periodically evaluate the effectiveness of their audit teams assigned to long-tenured clients and to continuously update their audit methodologies to align with evolving risks and regulatory standards.

Furthermore, audit rotation should be assessed on an ongoing basis, ensuring that its execution is not merely procedural, but genuinely contributes to enhanced auditor independence and audit efficiency. Lastly, the design of audit approaches should take into account organizational complexity, rather than focusing solely on firm size. Emphasis should be placed on strengthening internal control systems, simplifying reporting processes, and fostering effective communication between auditors and management to help reduce audit report lag.

REFERENCES

1. Kaaroud H, Khemakhem H, Maatoug A. Determinants of audit report timeliness: Empirical evidence from MENA banks.
2. Journal of Financial Reporting and Accounting. 2020;18(3):537–553.
3. Oussii AA, Taktak NB. Audit committee effectiveness and audit report timeliness: Evidence from Tunisia. Managerial Auditing Journal. 2018;33(2):244–266.
4. Malchev P, Lazarevska Z. Audit report timeliness and investor perception: Evidence from European banks. Accounting and Finance Research. 2023;12(1):1–12.
5. Chalu H. Audit reporting delay and the need for risk-based auditing in the banking sector. African Journal of Accounting, Auditing and Finance. 2021;6(2):124–138.
6. Dharmawati D, Sukirman S, Rahmawati R. Pendekatan audit berbasis risiko dalam meningkatkan transparansi dan akuntabilitas perbankan. Jurnal Akuntansi dan Auditing Indonesia. 2024;28(1):45–58.
7. Sijabat RH, Pangaribuan H. Pengaruh Fee Audit terhadap Audit Report Lag pada Perusahaan Sektor Keuangan. Jurnal Akuntansi Multiparadigma. 2023;14(1):88–100.
8. Rohmah S, Hidayati I, Hartono J. Pengaruh Fee Audit terhadap Audit Report Lag pada Perusahaan Publik di Indonesia. Jurnal Riset Akuntansi dan Keuangan. 2023;11(2):152–160.
9. Fajriyah N, Maulidina M, Setiawan D. Pengaruh Audit Tenure terhadap Ketepatan Waktu Audit pada Perusahaan Manufaktur.
10. Jurnal Akuntansi dan Keuangan Islam. 2024;6(1):34–45.
11. Mubarok Z, Prasetyo A, Nugraheni RL. Audit Tenure dan Audit Delay: Studi Empiris pada Perusahaan Go Public di Indonesia.
12. Jurnal Ilmu dan Riset Akuntansi. 2022;11(3):1–15.
13. Raza S, Iqbal A, Akbar A. Audit rotation and audit report lag: Evidence from Pakistan. Journal of Financial Reporting and Accounting. 2023;21(1):89–104.
14. Widyastuti T, Sari MM, Kusumawardhani D. Pengaruh Ukuran Perusahaan dan Kompleksitas terhadap Audit Report Lag. Jurnal Akuntansi dan Bisnis. 2022;22(2):75–85.
15. Novianty I, Santoso E, Yuliana S. Company Size, Complexity, and Their Impact on Audit Delay. Jurnal Akuntansi dan Keuangan. 2022;24(1):56–67.
16. Ashton RH, Willingham JJ, Elliott RK. An empirical analysis of audit delay. J Account Res. 1987;25(2):275–92.
17. Carslaw CA, Kaplan SE. An examination of audit delay: Further evidence from New Zealand. Account Bus Res. 1991;22(85):21– 32.
18. Givoly D, Palmon D. Timeliness of annual earnings announcements: Some empirical evidence. Account Rev. 1982;57(3):486– 508.
19. Hossain S, Perera H, Rahman A. Disclosure in published financial statements: A comparative study of selected private and public companies. Int J Audit. 2020;24(1):55–70.
20. Owusu-Ansah S. Timeliness of corporate financial reporting in emerging capital markets: Empirical evidence from the Zimbabwe Stock Exchange. Account Bus Res. 2000;30(3):241–54.
21. Jensen MC, Meckling WH. Theory of the firm: Managerial behavior, agency costs and ownership structure. J Financ Econ.1976;3(4):305–60.
22. DeAngelo LE. Auditor size and audit quality. J Account Econ. 1981;3(3):183–99.
23. Agre M, Febrianto Y. Pengaruh fee audit terhadap audit report lag dengan kompleksitas audit sebagai variabel moderasi. J Akunt Dan Keuang. 2023;25(2):115–28.
24. Geiger MA, Raghunandan K. Auditor tenure and audit reporting failures. Auditing. 2002;21(1):67–78.
25. Akono AC. Audit tenure and audit quality: Evidence from French listed firms. Int J Audit Pract. 2020;17(2):140–58.
26. Arens AA, Elder RJ, Beasley MS. Auditing and Assurance Services: An Integrated Approach. 13th ed. New Jersey: Prentice Hall; 2010.

27. Khaksar R, Rouhani S, Jorfi S. The effect of long audit tenure on auditor independence and audit quality. Asian J Account Res.2021;6(1):12–25.
28. Pradipta A, Zalukhu DL. Audit tenure terhadap audit report lag pada perusahaan manufaktur. J Akunt Dan Keuang Indones.2020;5(2):95–108.
29. Kaira B, Nugraha R, Firmansyah D. Pengaruh audit tenure dan kompleksitas audit terhadap audit delay. J Ekon Dan Bisnis.2023;16(1):40–53.
30. Vidhiyanty Y, Lestari A, Pradana R. Audit tenure, audit fee dan rotasi audit terhadap audit delay. J Akunt Kontemp.2022;14(1):66–75.
31. Liu C, Wang X, Wu L. Audit rotation and audit quality: Evidence from China. Emerg Mark Financ Trade. 2021;57(3):694–714.
32. Carcello JV, Nagy AL. Audit firm tenure and fraudulent financial reporting. Auditing. 2004;23(2):55–69.
33. Febrianingrum R, Hidayat W, Suryanto T. Pengaruh rotasi auditor dan ukuran KAP terhadap ketepatan waktu penyampaian laporan keuangan. J Akunt Multiparadigma. 2023;14(1):120–36.
34. Mulyadi M, Suryandari N. Pengaruh rotasi auditor terhadap ketepatan waktu pelaporan keuangan. J Akunt Akuntabilitas Dan Audit. 2021;2(2):65–80.
35. Raza S, Mahmood A, Gillani S. Auditor rotation, independence and audit report lag: Evidence from Pakistan. Int J Account Inf Manag. 2023;31(1):102–20.
36. Widyastuti Y, Saputra R, Nugroho A. Ukuran perusahaan, profitabilitas, leverage dan audit delay. J Ekon Bisnis. 2022;13(2):79– 91.
37. Fitria A, Umaimah N. Pengaruh ukuran perusahaan dan profitabilitas terhadap audit delay. J Akunt Dan Keuang Islam.2022;10(1):45–54.
38. Novianty M, Yani E, Hidayat T. Pengaruh ukuran perusahaan dan opini audit terhadap audit delay. J Akunt Nusant.2022;10(3):307–15.
39. Willy F. Analisis pengaruh ukuran perusahaan dan kompleksitas operasi terhadap audit report lag. J Akunt Kontemp.2024;15(1):90–100.
40. Setyasari D, Nurrochmah E, Handayani N. Pengaruh firm size dan internal control terhadap audit report lag. J Ilmu Akunt.2022;7(2):134–42.
41. Fajriyah S, Rahmawati R, Wibowo A. Pengaruh Audit Tenure terhadap Audit Report Lag pada Perusahaan Manufaktur di Indonesia. Jurnal Akuntansi dan Keuangan. 2024;15(1):45-58.
42. Mubarok MH, Suryandari DA, Purnama I. Pengaruh Fee Audit, Audit Tenure, dan Audit Rotation terhadap Audit Report Lag. Jurnal Riset Akuntansi dan Keuangan. 2022;10(3):123-135.
43. Mulyadi M, Suryandari A. Rotasi Audit, Independensi Auditor, dan Pengaruhnya terhadap Kualitas Laporan Keuangan. Jurnal Akuntansi dan Keuangan. 2021;14(2):75-89.
44. Novianti S, Sari H, Putri A. Pengaruh Ukuran Perusahaan dan Sistem Pengendalian Internal terhadap Efisiensi Audit. Jurnal Manajemen Keuangan. 2022;18(4):112-128.
45. Raza S, Ali A, Imran M. Audit Rotation and Audit Quality: A Study on Listed Companies in Pakistan. Journal of Accounting and Finance. 2023;22(1):68-82.
46. Rohmah S, Sugiyono, Kurniawan H. Pengaruh Fee Audit, Audit Tenure, dan Rotasi Auditor terhadap Audit Report Lag pada Perusahaan Terbuka. Jurnal Akuntansi dan Perpajakan. 2023;19(2):45-61.
47. Sijabat I, Pangaribuan D. Faktor-Faktor yang Mempengaruhi Audit Report Lag pada Perusahaan Manufaktur di Indonesia. Jurnal Akuntansi dan Bisnis. 2023;10(3):89-101.
48. Widyastuti N, Wulandari A, Pramudya M. Pengaruh Ukuran Perusahaan terhadap Audit Report Lag pada Perusahaan Multinasional. Jurnal Ekonomi dan Bisnis. 2022;13(2):45-59.
49. Willy W. Efektivitas Audit pada Perusahaan Besar: Studi Kasus di Perusahaan Terbuka. Jurnal Manajemen dan Audit. 2024;21(3):99-113.
50. Egbunike F, Asuzu C. The Impact of Audit Fee on Audit Report Lag in the Banking Sector. International Journal of Accounting and Finance. 2020;32(2):99-112.
51. Enofe A, Mgbame C, Abadua F. Auditor Rotation and Its Effect on Audit Report Lag: Evidence from Nigerian Companies. Journal of Accounting Research. 2013;25(1):58-70.
52. Lisa D, Hendra P. The Influence of Audit Tenure on Audit Report Lag in Indonesia: An Empirical Study. Journal of Financial Accounting. 2020;19(4):78-92.
53. Sastrawan W, Latrini R. Firm Size and Audit Report Lag in the Banking Sector: An Empirical Investigation. Journal of Banking and Financial Studies. 2016;8(2):123-136.