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THE INFLUENCE OF AUDIT TENURE, AUDIT QUALITY, AND THE INFLUENCE OF FINANCIAL RATIOS ON AUDIT REPORT LAG WITH AUDITOR SPECIALIZATION AS MODERATOR

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ABSTRACT

Financial statements must be presented soon so it will not reduce its usefulness principles. This study aims to prove the effect of audit tenure and audit quality with auditor industry specialization as a moderating variable and also the effect of financial ratios to audit report lag. Research objects used mining sector companies listed on The Indonesia Stock Exchange for the period of 2018—2022 with an amount of 35 companies and a total of 105 observational data. Data analysis technique used descriptive statistic test, pooled data regression test, classic assumption test, multiple regression linear test, and hypothesis test using SPSS 20. The classic assumption test results show that the residual data is normally distributed, there is no symptom of heteroscedasticity, regression model is free from multicollinearity, and there is no positive or negative autocorrelation. Based on these research, it can be concluded that there are sufficient evidences that solvability ratio has positive effect to audit report lag, audit quality and profitability ratio have negative effects to audit report lag. However, there is no sufficient evidence that audit tenure has negative effect to audit report lag and auditor industry specialization doesn't have capability to moderate the effect of audit tenure and audit quality to audit report lag

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INTRODUCTION

As stated by the FASB (2008:CON2—2) in Statement of Financial Accounting Concept (SFAC) No. 2, the principle of usefulness of a financial report will be achieved if it fulfills 2 characteristics, namely relevant (relevance) and reliable (reliable). Therefore, a financial report must be presented as soon as possible so as not to reduce the principle of its usefulness. Spence (1973) implicitly defines that in a market there is always asymmetric information so that a signal criterion is needed to strengthen decision making. Generally, positive signals (good news) will be conveyed more quickly to users of financial information. On the other hand, negative signals (bad news) will tend to be delivered more slowly. Long financial report submission times will risk reducing earnings quality, increasing information asymmetry, and increasing uncertainty in investment decisions (Sultana et al., 2014). Auditors have a crucial role in reducing information risk. Therefore, the audit procedures created by the auditor must be efficient and effective so as to minimize errors and have an impact on the timely submission of financial reports.

Regulations relating to the submission of financial reports in Indonesia are regulated in Financial Services Authority Regulation Number 29 / POJK.04 / 2016 article 7 paragraph (1) concerning Annual Reports of Issuers or Public Companies, that issuers or public companies are required to submit annual reports to the Financial Services Authority no later than no later than the end of the fourth month after the financial year ends. In reality, there are still companies that are slow in publishing their financial reports. On the other hand, the impact of delays in submitting financial reports is increasingly becoming a hot issue discussed by practitioners and academics (Dao and Pham, 2014). This research is based on the inconsistency of research results on the

influence of audit tenure, solvency ratio, profitability ratio, and audit tenure with the auditor's industry specialization as a moderating variable on audit report lag. Apart from that, this research is also motivated by the fact that there are not many studies that use earnings surprise benchmarks to proxy audit quality against audit report lag.

Based on the background that has been described, the problem formulation is as follows: "Is auditor industry specialization able to moderate the influence of audit tenure and audit quality on audit report lag and is there an influence of solvency and profitability ratios on audit report lag?"

Meanwhile, the aim of this research is to determine the effect of audit tenure, audit quality, solvency ratio, and profitability ratio on audit report lag as well as the moderation of auditor industry specialization on the relationship between audit tenure and audit quality and audit report lag.

THEORY AND HYPOTHESIS DEVELOPMENT

Signalling Theory

Signaling Theory was first introduced by Michael Spence in his research entitled Job Market Signaling. Spence's Signaling Model was later developed by Leland and Pyle (1977). Both agreed to state that asymmetric information occurs between two parties, namely parties inside the company and outside the company. Connelly et al. (2011) defines Signal Theory as follows:

"Signaling theory is useful for describing behavior when two parties (individuals or organizations) have access to different information. Typically, one party, the sender, must choose whether and how to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal."

From the various explanations above, we can draw a common thread that Signal Theory discusses asymmetric information between the company and external parties, where management knows more about the company's condition and future opportunities than external parties. To avoid this information asymmetry, companies must provide information as a signal to investors in the form of financial reports.

Agency Theory

Agency theory always describes the relationship between the two most crucial parties in a company, namely shareholders as principals and management as agents. Jensen and Meckling (1976) define agency relationships as follows:

"We define an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interests of the principal."

Agency conflicts that arise and their relationship to the timeliness of submitting financial reports will occur when management faces difficulties in presenting financial reports that maximize shareholder wealth. If management is in a less successful condition, management tends to delay submitting financial reports or manipulate financial reports, of course it takes longer for external auditors to collect and evaluate evidence in audit procedures so that financial reports are submitted late.

Compliance Theory

According to Tyler (1990:3–4), there are two main perspectives regarding legal compliance, namely instrumental and normative. Audit report lag is more closely related to the normative perspective which emphasizes individual commitment, namely commitment through personal morality (commitment through morality) which means complying with regulations because it is a necessity and commitment through legitimacy (commitment through legitimacy) which means complying with regulations because the law-making authority has the right to dictate behavior.

Based on a normative perspective, this Compliance Theory should be applied in the field of accounting (Saleh, 2004). Moreover, currently regulations regarding the timeliness of

submitting financial reports in Indonesia have been regulated in Financial Services Authority Regulation Number 29 / POJK.04 / 2016 article 7 paragraph (1) concerning Annual Reports of Issuers or Public Companies. Likewise, the auditor's engagement period with the client is regulated in the Government Regulation of the Republic of Indonesia Number 20 of 2015 article 11 point (1). So, issuer compliance with these two laws in financial reporting is absolute.

The Influence of Audit Tenure on Audit Report Lag

Audit report lag is thought to increase when the auditor audits a client for the first time (Habib et al., 2019). Before accepting a new client, most auditors will investigate the company. This information should be collected from local attorneys, other accounting firms, banks, and other companies. Auditors are also required to communicate with previous auditors to obtain documentation and evaluations related to previous year audit procedures (Arens et al., 2015: 247). The auditor will adapt to the recording system used and begin to establish a professional relationship with the client. This professional relationship is useful for obtaining adequate audit evidence, one of which is the principle of openness. This option will certainly be more time consuming than continuing to serve existing clients. Mistakes actually appear in the early years of auditing a new company. So, in subsequent years auditors became familiar with the client's recording system so that audit report lag decreased.

H1: Audit tenure has a negative effect on audit report lag.

The Influence of Audit Quality on Audit Report Lag

In Agency Theory, management as agents of shareholders often has the desire to improve their own welfare, resulting in opportunistic behavior. Opportunistic management behavior will be reflected in the quality of reported earnings. Companies that are in the earnings benchmark (no indication of window dressing or taking a bath) show that the auditor succeeded in finding errors or irregularities that occurred and reported them to management before the audit report was issued so that the opinion given did not raise doubts.

This is in accordance with the opinion of Rusmin and Evans (2017) that good audit quality must be able to indicate whether the financial information produced raises doubts or not. Companies with good audit quality are in normal financial condition and there are no irregularities so that the publication of financial reports will be more timely so that good signals are conveyed to the market more quickly. In other words, companies that are in the earnings benchmark will ask auditors to publish their financial reports as quickly as possible so that the market responds more quickly, one of which is the decision to purchase shares by current and potential investors. On the other hand, companies that are outside the earnings benchmark indicate that there are internal deviations in the company so that auditors are more careful by obtaining more evidence so that the audit completion time is longer.

H2: Audit quality has a negative effect on audit report lag.

The Influence of Solvency Ratios on Audit Report Lag

Companies with a high solvency ratio (of course with large debt) actually have a great opportunity to generate high profits. However, the risk of uncertainty borne by investors and creditors is also very high because the company has to bear the principal and interest on loans in large amounts. This condition will be bad news for users of financial reports (Palilingan 2017). Bad news will reduce investment or credit interest by potential investors or creditors and allow withdrawal of funds from current investors and creditors. On the other hand, companies that have a low solvency ratio will show management expertise in managing the company's debt levels, so that it becomes good news for users of financial reports. A higher solvency ratio will cause management to delay its financial reporting obligations so that the audit report lag will increase. Auditors tend to delay the available time for the reason of evaluating risks appropriately, which ultimately increases the accuracy and professional prudence of an auditor so that the delivery of financial reports will be slower. On the other hand, the lower the solvency ratio, the management will not delay the audit process so that the audit report lag will be shorter.

H3: The solvency ratio has a positive effect on audit report lag.

The Influence of Profitability Ratios on Audit Report Lag

In Dyer and McHugh's (1975) research, companies that earn profits tend to be timely in submitting their financial reports so that the audit report lag is short. On the other hand, if the company experiences a loss, management as an agent tends to ask the auditor to delay completing the financial reports to avoid the inconvenience of a negative response due to communicating bad news. As a result, the resulting audit report lag is long. This thinking is in line with Spence's Signal Theory (1973). A high profitability ratio will provide benefits for management in the form of incentives, a good name, and ease of running the business in the future (easiness in obtaining loans, finding customers and other work contracts). Therefore, the company's profitable condition must be reported to the public as quickly as possible so that the audit report lag is short. The goal is so that current and potential investors can invest their funds in the company as soon as possible.

H4: Profitability ratios have a negative effect on audit report lag.

Auditor Industry Specialization Moderates the Relationship between Audit Tenure and Audit Report Lag

In an audit procedure, understanding the client's business is the most important thing because it concerns accounting methods and what accounts the auditor will encounter (Arens et al., 2015: 253). Auditors are said to be specialists in an industry if they have specific abilities obtained from auditing experiences and special training so that the audit results are better (Anggreni and Latrini, 2016). The knowledge and competence possessed by industry-specialized auditors can increase the auditor's understanding of a company which is supported by the length of the work engagement (audit tenure) on client characteristics, resulting in a more efficient audit process. Dewi and Yuyetta (2014) argue that auditors with industry specialization are believed to maintain their reputation in the eyes of clients so they are never late in completing reports. Apart from that, the practice of overtime and incentive factors are also able to motivate personnel to complete all audit procedures on time.

H5: Auditor Industry Specialization Strengthens the Negative Relationship Against Audit Tenure Audit Report Lag

Auditor Industry Specialization Moderates the Relationship of Audit Quality to Audit Report Lag

The differences in nature, business, principles, accounting systems and regulations that apply in each industry increase the demand for industry-specialized auditors. Jacqueline and Apriwenni (2015) argue that the knowledge that auditors must have is not only about auditing and accounting, but also the client's industry. Simunic and Stein in Ratnaningsih and Dwirandra (2016) argue that industrial specialization auditors will invest in technology, personnel, physical facilities and organizational control systems which will improve the quality of the audits produced. Research by Balsam et al. in Habib and Bhuiyan (2011) regarding industrial specialization auditors on the profit response coefficient, it shows that the financial reports of industry-specialized KAP clients are more responded to by the market than non-industry-specialized KAPs because they meet 3 important criteria, namely relevance, reliability and timeliness.

Dewi and Yuyetta (2014) argue that auditors with industry specialization are believed to be more competent in detecting errors, more independent in providing opinions, and maintain their reputation in the eyes of clients so they are never late in completing reports. A specialized auditor's understanding will enable him to detect material misstatements and earnings management practices in a company's financial statements. Apart from the practice of overtime to complete audit procedures, KAPs with industry specialization generally also determine incentive factors that are able to motivate personnel to always produce high-value audit reports.

H6: Auditor Industry Specialization Strengthens the Negative Relationship of Audit Quality to Audit Report Lag.

RESEARCH METHODS

Object of Research

The research objects used in this research are mining sector companies whose shares have been listed on the Indonesia Stock Exchange (BEI) in the 2018-2022 period and which have published annual financial reports via www.idx.co.id.

Research Variable

1. Audit Report Lag

Karami et al. (2017) defines audit report lag as follows:

"ARL is defined as the time interval between the fiscal year end and the release date of annual financial statements to be prepared by firms."

According to Dyer and McHugh (1975), there are three criteria for submitting financial reports, namely:

a. Preliminary lag: the number of days from the end of the fiscal year to the receipt of the preliminary report by the stock exchange.

b. Auditor's signature lag: the number of days from the end of the fiscal year to the date of the opinion and signing of the audit report.

c. Total lag: the number of days from the end of the fiscal year to the date of publication of the annual report by the exchange.

This research uses a total lag proxy in the form of the publication date of the annual financial report via www.idx.com.

2. Audit Tenure

Salehi et al. (2019) argue that the period the auditor is in contact with the client is referred to as audit tenure. Carey and Simnett (2006) define audit tenure as a "period of engagement" between an auditor and a client that is identical to the length of years. The regulations governing tenure audits in Indonesia are Government Regulation of the Republic of Indonesia Number 20 of 2015 article 11 point (1), that:

"The provision of audit services on historical financial information as intended in Article 10 paragraph (1) letter a to an entity by a Public Accountant is limited to a maximum of 5 (five) consecutive financial years."

The audit tenure variable is measured using the number of years a Public Accountant has audited a company consecutively. The calculation of the number of years of tenure is carried out backwards starting from 2018, 2019, 2020, 2021, 2022 and continues to be traced until the year the client moves to another auditor (Anggreni and Latrini, 2016).

3. Audit Quality

Audit quality is defined as the likelihood of the auditor finding misstatements in the company's financial statements and reporting the findings of these misstatements (Dewi and Yuyetta, 2014). This understanding is almost the same as DeAngelo's (1981) concept which is described as follows:

"The quality of audit services is defined to be the market-assessed joint probability that a given auditor will both (a) discover a breach in the client's accounting system, and (b) report the breach."

The earnings surprise benchmark proxy is a form of an outcome oriented approach, using earnings quality as a medium in financial reports. The earnings surprise benchmark will indicate whether the auditor gives management the opportunity to practice window dressing or taking a bath. In short, window dressing is management's attempt to "beautify" financial reports by reporting profits. The term taking a bath is management's attempt to "worse" financial reports by reporting losses (Scott, 2015: 447).

In research by Jati (2014) and Ramadhan (2018), the formula used is earnings / total assets or better known as return on assets (ROA) and is classified as a profitability ratio. The

benchmark earnings used are between μ-σ to μ+σ (μ = population mean, σ = population standard deviation). Audit quality is assumed to be poor if:
a. Profit exceeds benchmark earnings ROA > μ+σ, which means that the auditor provides window dressing opportunities.
b. Losses exceed benchmark earnings ROA < μ-σ, which means that the auditor provides the opportunity to take a bath.
This research also developed a formula for the dummy variable used to measure audit quality (AQ) as follows:
a. AQ = 1, meaning the audit is of good quality.
b. AQ = 0, meaning the audit is not of good quality.

4. Solvency Ratio

In obtaining funds for financing purposes, companies generally have several alternative sources, one of which is debt (Hery, 2016:68). Solvency ratios are very necessary for credit analysis or risk analysis of a company. Generally, the solvency ratio is proxied by the debt to asset ratio and has the following formula:

$$DTA = \frac{\text{Total Debt}}{\text{Total Assets}}$$

Profitability Ratio

This ratio is often used to assess the extent to which a company is able to generate profits from its normal business activities (Hery, 2016: 104). . In other words, this ratio measures how much net profit will be generated from each rupiah of funds embedded in the company's total assets. The formula is as follows:

$$ROA = \frac{\text{Net Profit}}{Total\ Assets}$$

5. Spesialisasi Industri Auditor

The definition of auditor industry specialization has not been found with certainty in Indonesia. Initially, Teoh and Wong (1993) classified auditors into Big Eight and non-Big Eight auditors. However, Craswell et al. (1995) argue that:

"Demand for industry specialization drives audit firm investments in specialization and leads to industry-based clients (which is the rationale for using market share data to infer specialization). For industries having specialized contracts and accounting technologies, auditor industry specialization (as evidenced by significant clients) will lead to a higher level of audit assurance compared to audits performed in those industries by nonspecialist auditors." Auditors who specialize in industry will have more understanding and knowledge than auditors who do not specialize in industry. Auditor industry specialization can be identified through the market share of companies audited by a KAP in a particular industry. If a KAP has a large market share, the auditor will have a comprehensive understanding and be a specialist in that industry. This research will use a proxy for industrial specialization based on previous research by Craswell et al. (1995) used in Sari and Novasari's (2019) research with the following formula:

$$SPEC = \frac{\sum Klien\ KAP}{\sum Emiten} \text{ X } 100\%$$

This research also developed a formula for the dummy variables used to measure auditor industry specialization (SPEC) as follows:

a. SPEC = 1, meaning that the KAP specializes in industries with a market share > 15%.
b. SPEC = 0, meaning that KAP is non-industry specialized with a market share < 15%

Data Collection Technique

The data collection technique used in this research is observation or monitoring techniques on secondary data in the annual financial reports of mining sector companies listed on the Indonesia Stock Exchange (BEI) for the period 2018-2022 obtained via www.idx.co .id.

Sample Collection Technique

The sampling technique used in this research is non-probability sampling, namely purposive sampling. The samples used as research objects will be selected based on the criteria set out in Table 1 of the APPENDIX, namely:

1. Mining sector companies listed on the Indonesia Stock Exchange (BEI) during the 2018 2022 period.
2. Mining sector companies listed before January 1 2018.
3. Mining sector companies with an annual financial report cut off date of December 31.
4. Mining sector companies that publish complete annual financial reports for the period 2018 2022.
5. Mining sector companies that have data to calculate audit tenure, audit quality, solvency ratio, profitability ratio, auditor industry specialization, and complete audit report lag for the 2018-2022 period.

Data Analysis Technique

1. Descriptive Statistical Analysis Test

Descriptive statistical tests provide an overview or description of data seen from the average (mean), standard deviation, maximum, minimum, sum, range, kurtosis and skewness variance (Ghozali, 2016:19). Meanwhile, for nominal data, the data is analyzed using frequency statistics.

2. *Coefficient Equality Test (Pooled Data Regression)*

The coefficient similarity test (polled data regression) aims to find out whether research data pooling (merging time series and cross-sectional data) can be carried out (Gujarati and Porter, 2009:23). If the Sig value. year dummy > 5%, then there is no difference in coefficients and data pooling can be carried out. If the Sig value. year dummy ≤ 5%, then there are differences in coefficients and data pooling cannot be carried out.

3. Classic Assumption Test

a. Normality Test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution (Ghozali, 2016: 154). The normality test was carried out using the One Sample Kolmogorov-Smirnov test, looking at a significance level of 5% so that the basis for decision making was:

(1) If Asymp. Sig. (2-tailed) ≤ a value (0.05), then the regression model produces residual values that are not normally distributed.

(2) If Asymp. Sig. (2-tailed) > a value (0.05), then the regression model produces residual values that are normally distributed.

b. Heteroscedasticity Test

The heteroscedasticity test is carried out to test for unequal variances in the regression model from the residuals of one observation to another. A good regression model is one with homoscedasticity. (Ghozali, 2016:134). Testing can be carried out using the Spearman Rank correlation test between the independent variable and the residual variable (Gujarati and Porter, 2009:380–381). If the independent variable statistically significantly influences the residual variable, then there is an indication of heteroscedasticity (Baltagi, 2011:104–105).

c. Multicollinearity Test

The multicollinearity test is carried out to test whether the regression model has a correlation between independent variables. A good regression model should not have correlation between independent variables (Ghozali, 2016: 103). This multicollinearity test

was carried out by calculating the tolerance value and variance inflation factor (VIF). Basis for decision making:
i. If the tolerance value is ≥ 0.10 or VIF < 10 then there is no multicollinearity.
ii. If the tolerance value is < 0.10 or VIF ≥ 10 then there is multicollinearity.

d. Autocorrelation Test

The autocorrelation test aims to find out whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previous). Autocorrelation testing can be done using the Durbin Watson test. If the Durbin Watson value is du < d < 4 – du, then there is no positive or negative autocorrelation.

RESEARCH RESULTS AND DISCUSSION

General Description of Research Objects

This research uses annual financial report data from mining sector companies listed on the Indonesia Stock Exchange (BEI) in the period 2018-2022 which were selected based on non-probability sampling techniques, namely purposive sampling so that 35 companies were obtained each year. The author also observes the publication date of the financial reports obtained via www.idx.co.id.

Descriptive Statistical Analysis

Tabel 1. Descriptive Statistical Analysis

Variabel	N	Minimum	Maksimum	Mean	Standard Deviation
AT	105	1.00	3.00	1.6667	0.71611
DTA	105	0.14	1.90	0.5462	0.24870
ROA	105	-0.43	0.46	0.0354	0.13224
ARL	105	50.00	207.00	95.8286	26.95490

Source: SPSS 20 Processed Results

After conducting a descriptive statistical analysis test using SPSS 20 software, the variables that use a ratio scale include: (1) audit tenure (AT) as an independent variable, (2) solvency ratio (DTA) as an independent variable, (3)) profitability ratio (ROA) as the independent variable, and (4) audit report lag (ARL) as the dependent variable. These companies have a working engagement period with an auditor of at least 1 year and a maximum of 3 years with a standard deviation of 0.71611. The solvency ratio proxied by debt to assets (DTA) has a minimum and maximum value of 0.14 and 1.90 with a standard deviation of 0.24870. The profitability ratio proxied by return on assets (ROA) has a minimum and maximum value of -0.43 and 0.46 with a standard deviation of 0.13224.

Normality Test

Tabel 2. Normality Test
One Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		105
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	21.30305451
Most Extreme Differences	Absolute	.113
	Positive	.113
	Negative	-.060
Kolmogorov-Smirnov Z		1.162
Asymp. Sig. (2-tailed)		.134

a. Test distribution is Normal.
b. Calculated from data.

Source: SPSS 20 Processed Results

Multicollinearity Test, Multiple Linear Regression Analysis, T Test

Tabel 3. Multicollinearity Test, Multiple Linear Regression Analysis, T Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	95.253	8.170		11.658	.000		
	AT	-4.081	3.150	-.108	-1.296	.198	.910	1.099
	AQ	-15.779	5.553	-.257	-2.842	.005	.779	1.284
	DTA	38.719	9.530	.357	4.063	.000	.824	1.213
	ROA	-68.891	18.967	-.338	-3.632	.000	.736	1.359
	AT_SPEC	-.760	5.355	-.022	-.142	.887	.265	3.775
	AQ_SPEC	3.887	10.628	.056	.366	.715	.274	3.650

Source: SPSS 20 Processed Results

The Influence of Audit Quality (AQ) on Audit Report Lag (ARL)

Tabel 4. Audit Variable Frequency Statistics (AQ)

	Frequency	**Presentase**
Audits are not of good quality	27	25.71 %
Good quality audits	78	74.29 %
Total	105	100.00 %

Source: SPSS 20 Processed Results

Audit quality has a sig value. equal to 0.003 (0.005 / 2) or accept Ha, which means there is a significant negative influence between audit quality and audit report lag. Companies with good audit quality are in normal financial condition and there are no irregularities so that the publication of financial reports will be more timely so that good signals are conveyed to the market more quickly and asymmetric information does not occur as a result of Agency Theory. In other words, companies that are in the earnings benchmark will ask auditors to publish their financial reports as quickly as possible so that the market responds more quickly, one of which is the decision to purchase shares by current and potential investors. On the other hand, companies that are outside the earnings benchmark indicate that there are irregularities occurring within the company so that auditors are more careful in carrying out audit procedures and reports will be published late. These results are in accordance with Wiyantoro and Usman's (2018) research that audit quality has a negative influence on audit report lag.

The Effect of Solvency Ratio (DTA) on Audit Report Lag (ARL)

Based on the results of the individual parameter significance test (t test) the solvency ratio has a value of sig. Amounting to 0,000 (0,000 / 2) or accept Ha, which means there is a significant positive influence between the solvency ratio and audit report lag. Companies with a high solvency ratio (of course with large debt) actually have a greater opportunity to generate high profits. However, the risk of uncertainty borne by investors and creditors is also very high because the company has to bear the principal and interest on loans in large amounts. This condition will

be bad news for users of financial reports. On the other hand, companies that have a low solvency ratio will show management expertise in managing company debt, so that it becomes good news for users of financial reports. The research results show that the solvency ratio has a significant positive effect on audit report lag in accordance with research by Aryaningsih and Budiartha (2014), Ningsih and Widhiyani (2015), and Artaningrum et al. (2017).

The Influence of Profitability Ratios (ROA) on Audit Report Lag (ARL)

Based on the results of the individual parameter significance test (t test), the profitability ratio has a sig value. of 0.000 (0.000 / 2) or accept Ha which means there is a significant negative influence between the profitability ratio and audit report lag. A high profitability ratio will provide benefits for management in the form of incentives, a good name, and ease of running the business in the future (easiness in obtaining loans, finding customers and other work contracts). Usually, management who already knows that they will make a profit in the current year will immediately look for an auditor and ask to be audited as soon as possible. The audit process will start faster and finish faster because management is easy to work with. This will result in a shorter audit report lag. In contrast to companies that experienced losses in the current year, management tends to be slower in finding auditors and management tends to ask auditors to schedule the audit process later than usual. The research results show that profitability ratios have a significant negative effect on audit report lag in accordance with research by Ariyani and Budiartha (2014) and Artaningrum et al. (2017).

The Influence of Audit Tenure (AT) on Audit Report Lag (ARL) with Auditor Industry Specialization (SPEC) as a Moderating Variable

Based on the results of the individual parameter significance test (t test), audit tenure which is moderated by the auditor's industry specialization has a sig. amounting to 0.444 (0.887 / 2) or reject Ha, which means there is no significant influence between audit tenure moderated by auditor industry specialization on audit report lag. The insignificant research results could be due to the fact that with a long work engagement period, auditors who have the title of specialist are not necessarily able to detect errors and provide an assessment of the fairness of financial reports very quickly. Specialist auditors strictly maintain a professional code of ethics, such as integrity, objectivity and competence, so they look for more evidence on accounts that they feel are not convincing enough to provide an unqualified opinion. In addition, auditor industry specialization as proxied by market share shows that there are specialist KAPs in the mining sector that have one auditor with several clients. In short, specialist auditors do not absolutely offer faster audit services than non-specialist auditors even though the work engagement period has been running for more than one year, so it is not proven that specialist auditors are able to produce a shorter audit report lag than non-specialist auditors. The influence of audit tenure moderated by auditor industry specialization on audit report lag which is not significant is in accordance with research by Michael Rohman (2017) and Karami et al. (2017).

The Influence of Audit Quality (AQ) on Audit Report Lag (ARL) with Auditor Industry Specialization (SPEC) as a Moderating Variable

Tabel 5. Frequency Statistics of Auditor Industry Specialization Variables (SPEC)

	Frekuensi	**Presentase**
KAP Non-Spesialisasi Industri	79	75.24%
KAP Berspesialisasi Industri	26	24.76%
Total	105	100.00%

Sumber: Hasil Olahan SPSS 20

Audit quality which is moderated by the auditor's industry specialization has a sig value. equal to 0.358 (0.715 / 2) or reject Ha, which means there is no significant influence between audit quality which is moderated by auditor industry specialization on audit report lag. This insignificant result shows that specialist auditors are not necessarily able to detect errors and provide assessments about the fairness of financial statements very quickly, even though they have invested in

computer-assisted audit technology (Computer Assisted Audit Tools and Technique), personnel and facilities. physical that supports the ease of the audit process. Another cause is the weakness of the market share proxy in measuring auditor industry specialization, resulting in only 1 to 2 specialist KAPs in the mining sector each year. Another argument is that the predicate of an auditor specializing in an industry is not only seen from the number of KAP clients who indicate flying hours or auditor experience, but also from the intensity of domestic and foreign training which can increase the competency of each personnel in the KAP. . The effect of audit quality moderated by auditor industry specialization on audit report lag which is not significant is in accordance with research by Dewi and Yuyetta (2014), Kusumah and Manurung (2017), and Azzuhri et al. (2019).

CONCLUSION

From the results of this research it can be concluded that there is sufficient evidence that the solvency ratio has a positive effect on audit report lag and sufficient evidence that audit quality and profitability ratios have a negative effect on audit report lag. However, there is not enough evidence that audit tenure has a negative effect on audit report lag and that auditor industry specialization is not able to moderate the effect of audit tenure and audit quality on audit report lag.

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