



SIMPOSIUM ILMIAH AKUNTANSI 5

THE EFFECT OF PROFITABILITY, FINANCIAL DISTRESS, AUDIT TENURE ON REPORT LAG WITH AUDITOR SPECIALIZATION AS A MODERATING VARIABLE

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ABSTRACT

This study aims to examine Profitability, Financial Distress, Audit Tenure on audit report lag with Auditor Specialization as a Moderating Variable. The research sample consisted of 80 agricultural companies on the Indonesia Stock Exchange (IDX) for the 2017-2021 period using a purposive sampling method. The analysis technique used is Moderated Regression Analysis (MRA). The results showed that (1) Profitability has a negative effect on audit report lag, (2) tenure audit has a positive effect on audit report lag, (3) Financial Distress has a positive effect on audit report lag, (4) Audit Report Lag weakens the effect of Auditor Specialization on audit report lag.

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INTRODUCTION

According to IAI in PSAK No.1 of 2019 concerning the presentation of financial statements, it is said that financial statements are a mechanism for presenting the financial statement position or financial performance for a corporate entity. The financial statements or information provided must be submitted quickly, accurately and accurately and support the sustainability of a company. In these characteristics, financial reports can be said to function properly if the information is presented in a relevant manner by paying attention to timeliness. According to (Stiawan & Ningsih, 2021) audit report lag is the time interval required by the auditor regarding the completion of the auditing process, starting from the closing date of the company's financial year to the date on which the auditor signs the audited financial statements. According to OJK Regulation No. 29/POJK.04/2016 article 7 related to the Issuer's Annual Report states that each issuer must report audited financial statements by the deadline of 120 days or the end of the 4th month (four) after the fiscal year end date. With these restrictions, the issuer is required to present audited financial statements within 120 days or no later than the 4th month after the end of the fiscal year. However, the company received a concession in 2020 due to the covid-19 pandemic outbreak, which this provision took effect on March 20, 2020. This decision was conveyed through the Decree of the Board of Directors of the Indonesia Stock Exchange (IDX) Number: Kep-00027/BEI/03-2020, which states that the IDX has set an additional deadline of 2 (two) months from the deadline for the presentation of the Quarterly Financial Report, Annual Report, and Annual Financial Report. So that the publication time of the audited financial statements can be submitted within 120 days or until the end of the 5th (fifth) month after the fiscal year end date.

Reporting on www.idx.co.id, there were 10 (ten) issuers late in presenting financial reports and 2 (two) of them were manufacturing companies that were late in presenting Annual Financial Statements as of December 31, 2018 and did not deposit late fees until June 29, 2019. In 2020, it was recorded that 42 (forty-two) issuers did not present Audited Financial Statements as of December 31, 2019 and the companies also did not deposit late fees until

June 30, 2020. In 2021, there were 88 (eighty-eight) public companies that did not publish Audited Financial Statements ending December 31, 2020 and did not deposit late fees for the presentation of financial statements until May 31, 2021.

Based on this phenomenon, it can be concluded that there has been an increase in the number of issuers that have delayed the presentation of financial reports from 2018, 2019, and 2020 or every year and there is one company indexed by Kompas 100 that has delayed the presentation of financial reports, namely. PT FKS Food Sejahtera Tbk which should be a company that includes the requirements of the Kompas 100 Index is considered to have a fairly high level of liquidity, has a large enough capitalization, and has good fundamentals and performance.

The first factor that influences audit report lag is Profitability shows the company's ability to generate profits. Research conducted by fujianti and satria (2020) shows that profitability has a negative effect on audit report lag. Companies that have a low level of profitability will bring a negative reaction to the market and its derivatives assessment of the company's performance. Profitability in a company will affect the policies of investors. In Research (Khairunnisa & Syafruddin, 2019). Profitability with Roa has a positive and insignificant effect on audit report lag, because the higher the profitability of a company, the lower the audit report lag. This research is the same as justita Dura (2017) that profitability has an effect on audit report lag, indicating that companies that get large profits tend to carry out a shorter audit process than companies that experience small profits.

The second factor Financial distress is a condition where the company is facing financial difficulties that can be recognized from the company's inability or unavailability of funds to pay its matured obligations. Financial distress is defined as a stage of decline in financial condition that occurs before the company goes bankrupt (Narayana and Yadnyana, 2017). Research conducted by Ardita Rachmawati (2019) did not find any effect of financial distress on audit report lag.

The last factor that is likely to affect reporting delays is audit tenure. According to Saputri et al. (2021), the time interval for work engagement (contract) between KAP and its client (auditee) to audit financial statements is called audit tenure. Regulated in Government Regulation of the Republic of Indonesia No. 20 of 2015 concerning Public Accountant Practices, the deadline for the engagement between KAP and the auditee is not given a limitation on the engagement period, but this regulation regulates the deadline for the engagement period between public accountants and their clients given 5 (five) consecutive years for auditors to hold the same client. 1. According to Saputri et al. (2021) and Tampubolon & Siagian (2020) state that audit tenure has a positive effect on audit report lag. Meanwhile, according to research by Kosasih & Arfianti (2020), Arumningtyas & Ramadhan (2019), and Wiyantoro & Usman (2018), it states that audit tenure has a negative effect on audit report lag. Meanwhile, the opinion given by Makhabati & Adiwibowo (2019) states different research results, where audit tenure is stated to have no effect on audit report lag.

According to (Sastrawan 2022., وآخ) in (Indriani & Wahyono, 2021), Defining Auditor Industry specialization as a specific understanding and ability in a particular industry obtained from experience - Auditor experience in auditing and special training on auditing a particular industry so as to improve audit quality. (Yulia 2019., وآخ) in (Oktaviani 2020., وآخ) concluded that an auditor who has the title of auditor specialization auditor is able to start the audit process faster and complete the audit faster when compared to non-specialized auditors, this is because the auditor has specific abilities and knowledge about auditor specialization which will play a significant role in completing the audit process.

The delay in audit reports is also influenced by the conditions of a country, one of the conditions that cause conflicts that affect the presentation of financial statements is the covid-19 pandemic, which for the past 2 years there has been an outbreak of a new type of virus. One of the efforts made by the government is the implementation of PSBB to paralyze the spread of the covid-19 virus. With these social restrictions, auditors are affected, namely the restrictions on the mobility of auditors which affect the auditing process of the company's financial statements. The co-19 pandemic has reduced the mobility of accountants and

auditors, because these restrictions have caused auditors to be unable to publish financial reports in a timely manner (Adhika Wijasari & Ary Wirajaya, 2021).

Based on the phenomena and background disclosed above, the problem formulation obtained, namely whether Profitability, financial distress and audit Tenure have an effect on audit report lag with Auditor Specialization as a Moderating Variable with the research objectives to be carried out in this research, namely to empirically confirm the effect of Profitability, financial distress and audit Tenure on audit report lag with Auditor Specialization.

LITERATURE REVIEW

1. Agency Theory

Agency theory is used by companies for the process of running their business by looking at the relationship between management and capital owners (Jensen & Meckling, 1976). According to Sunarsih et al. (2021) agency relationships arise when there is an inconsistency of interests and misalignment of information between the principal and the agent where there is one or more principals who give jobs to other people to manage company information and delegate authority in the company's decision-making process.

2. Signalling Theory

Signaling theory is a theory that suggests that there is a signal or signal given by the sender (owner of information) which is in the form of information that describes a condition that is useful and relevant to the recipient (Spence, 1973). According to (Rizkyllah, 2018), there are 2 types of signals obtained from providing information in the financial statements, namely good news signals and bad news signals. Signal theory says that there is information asymmetry between the two parties from inside the company and outside the company where management is more familiar with the conditions that occur within the company and future opportunities than outside the company, so that in reducing information asymmetry, the company as the party with information must release signals to investors (outside parties) in providing information related to the company's financial statements that can be used as a consideration for decision making (Kosasih & Arfianti, 2020).

3. Audit Report Lag

Audit Report Lag Adalah lamanya waktu penyelesaian audit yang diketahui dari tanggal tutup buku perusahaan sampai tanggal dikeluarkan opini auditor (Giwang Permata Dewi & Nur Afri Yuyetta, 2014) (Valentine Gabriella, 2021) (Sanova 2022., وآخ). Perbedaan waktu tertera pada tanggal laporan Keuangan dengan tanggal pada laporan auditor independen mengindikasikan lamanya waktu Penyelesaian Audit (Azizah dan Kumalasari, 2012 :132) Menurut (Raya, 2020) dalam Amariyah, dkk. (2017 : 259) audit report Lag adalah lamanya waktu penyelesaian melaksanakan audit yang dilihat dari tanggal penutupan tahun buku sampai dengan tanggal diterbitkan laporan audit, jadi dapat disimpulkan bahwa audit report Lag adalah lamanya waktu yang dibutuhkan oleh auditor untuk menyelesaikan proses audit terhadap laporan keuangan yang telah dipublikasikan di Bursa Efek Indonesia.

4. Spesialisasi Auditor

Auditor specialization is a person's expertise in doing audit work. Auditor specialization is determined by the length of time working at KAP, having a certificate of competence, and often conducting audit examinations on similar clients or industries each year. (Raya, 2020) argue that auditors who are specialists in an industry have the expertise to spread the costs of training related to a specific industry to more clients, resulting in good economics that cannot be easily done by auditors who are not industry specialists.

5. Audit Tenure

According to Saputri et al. (2021), the time interval for work engagement or work contract between KAP and its client (auditee) to audit the company's financial statements is called audit tenure. Regulated in Government Regulation No. 20 of 2015, the deadline for the engagement period between KAP and its clients is not given a limitation of the engagement period, but this regulation regulates the deadline for the engagement period between public accountants and their clients given 5 (five) consecutive years for auditors holding the same client.

6. Financial Distress

According to Platt & Platt (2002) financial distress is a stage of decline in financial condition that occurs, before bankruptcy. Baldwin & Mason (1983) state that a company is in financial distress if the company cannot fulfill its financial obligations. Based on signaling theory, if the company is experiencing financial distress, it is a bad signal for investors. (Parahyta & Herawaty, 2020). In other words, financial distress is a condition in which the company is experiencing financial difficulties to fulfill its obligations.

7. Profitability

It is the predicted possibility of making a profit. The level of company profitability can be measured through profitability ratios. The higher the profitability ratio, the greater the profit generated. There are differences in the treatment of financial statements by management when companies get high and low levels of profitability. Companies that have a loss or low level of profitability will have a negative impact on market reaction and will cause a decrease in the assessment of a company's performance.

CONCEPTUAL FRAMEWORK

The conceptual framework is a conceptual model of how theory relates to various factors that have been identified as important problems. The conceptual framework in the study as presented in the figure below: The framework prepared by the author consists of independent and dependent variables. The independent variable consists of, Profitability, Financial Distress, Audit Tenure while the Dependent Variable Sector is Report Lag and the Auditor Specialization Moderation Variable which will be studied in the Banking company sector.

Research Hypothesis

H1: Profitability affects the length of the audit of financial statements (audit report lag)

H2: The Effect of Financial Distress on Audit Report Lag

H3: Audit Tenure affects Audit Report Lag

H4 : Auditor specialization has a negative effect on audit report lag

H5 : Auditor Industry Specialization Moderates between Profitability and Report Lag

H6 : Auditor Industry Specialization Moderates Financial Distress on Report Lag

H7 : Auditor Industry Specialization Moderates between Audit Tenure and Report Lag

Variable Definition and Measurement

According to Sugiyono (2017: 2) research variables are attributes or properties or values of people, objects or activities that have certain variations set by researchers to study and then draw conclusions.

A. Research Variables

Operational Research Variables explain the variables that influence and can be measured in a study.

1) Dependent Variable

Dependent variables are variables that are influenced by other variables, which are symbolized Y. In this study, the dependent variable used by researchers is audit report lag, which means the time required for companies to report audited financial reports to OJK and BAPEPAM-LK no later than the end of the fourth month after the last financial year. In this study, the dependent variable is Audit Report Lag with Audit Quality as Moderation.

2) Independent Variable

According to Sugiyono (2017: 61) Independent / free variables are referred to as stimulus variables, Predictors, antecedent are variables that affect or cause changes or the emergence of dependent variables (bound). In this study, the Independent Variables are Profitability, Financial Distress, and Audit Tenure.UHYT

B. Operational Definition

1) Dependent Variable

a. Audit Report Lag

Audit Report Lag is a period of time determined from the company's closing period until the date the audit report is issued. The existence of a long Audit Report Lag results in investor distrust of financial reports and of course will affect investors in making decisions. Audit Report

Lag is measured based on the number of days from the closing date of the book until the issuance of the audit report. The equation is as follows:

$$\text{Audit Report Lag} = \text{Audit Report Date} - \text{Book Close Date}$$

b. Spesialisai Auditor

The categorization of specialist and non-specialist auditors is based on data on the percentage of clients of listed companies audited by a KAP in a particular industry, then weighting is carried out based on the company's total assets with the formula developed by Siregar in Fitriany (2011) in Panjaitan (2014), as follows: A KAP is said to be a specialist if the KAP controls 10% market share. The Auditor Specialization variable is measured using a dummy variable. If a particular KAP controls 10% market share, a value of 1 (specialist) is given, and 0 otherwise.

$$\text{SPC} = \frac{\text{Number of KAP Clients in the Industry}}{\text{Total number of issuers in the industry}} \times \frac{\text{Number of KAP Clients in the Industry}}{\text{Total number of issuers in the industry}}$$

2) Independent Variable

a. Profitability

Profitability is the level of net profit that the company manages to obtain in carrying out its operations. According to (Ekonomika 2016., وآخ) Profitability provides an overview of the company's ability to generate profits for a certain period using all the company's ability to generate profits for a certain period using all its capabilities and resources both from sales activities, use of capital. According to (Agustia and suryani, 2018), that high or low levels of profitability do not affect the level of earnings management because investors tend not to pay attention to existing profitability information so that managers are not motivated to carry out earnings management. Profitability (Profit) is proxied by Return on Assets (ROA). Return On Assets (ROA) is used to measure management's ability to earn overall profits. Profitability can be measured using the formula

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

b. Financial Distress

According to (Parahyta & Herawaty, 2020) financial distress is one of the bad news in financial reports. Financial distress is a stage of decline in the company's financial condition or a situation where the company's finances cannot meet its financial obligations and if this is allowed to drag on, it will cause the cessation of the company's operational activities so that it can be predicted that the company will experience bankruptcy. Financial distress conditions that occur in companies can increase audit risk to independent auditors, especially control risk and detection risk. With this increased risk, the auditor must conduct a risk assessment (riks assessment) before carrying out the audit process, precisely in the audit planning phase. So that this can result in the length of the audit process and have an impact on increasing audit delay (Oktaviani 2020., وآخ) (Praptika & Rasmini, 2016) in (Oktaviani & Ariyanto, 2019). According to Agus and Yadnyana (2017) in (Sawitri & Budiarta, 2018) explain that financial distress is a condition where the company is facing financial difficulties, it can be seen from the company's inability to pay its obligations. Situations that describe financial distress are bankruptcy, failure and the company's inability to pay off debt. The characteristics of a company experiencing financial distress are significant changes in the composition of assets and liabilities where there is a high value comparison between assets and debt. If financial distress occurs, it will have an impact on the greater risk that the company will experience.

According to (Inayah, 2017) financial distress is one of the bad news in financial reports. Financial distress is a stage of decline in the company's financial condition or a situation where the company's finances cannot meet its financial obligations and if this is allowed to drag on, it will cause the cessation of the company's operational activities so that it can be predicted that the company will experience bankruptcy. The formula used to determine financial distress is as follows:

$$\text{DAR} = \frac{\text{Total DEbt}}{\text{Total Assets}} \times 100\%$$

c. Audit Tenure

Audit tenure is the period of the work engagement agreement between the auditor and his client for the examination of financial statements. The longer the tenure that KAP has with its clients, the more the auditor will understand the client's business very well. audit tenure according to (Saputri 2021., وآخ) is the length of the auditor and client relationship as measured

by the number of years. The assumption that more knowledge about the client's business will be obtained with longer tenure. (Parahyta & Herawaty, 2020) state that more knowledge possessed by auditors can make it easier for auditors to prepare audit programs so that the audit process becomes faster. The length of the auditor's assignment to the client company provides the auditor with business knowledge so that he is able to design an audit program to produce high quality financial statements.

Audit Tenure is measured by calculating the number of engagement years in which auditors from the same KAP perform audit engagements on auditees, the first year of engagement starts with the number 1 and plus one for the following years. This information is seen in the independent auditor's report for several years to ensure the length of the KAP auditor who audited the company (Anggreni & Latrini, 2016).

SAMPLING METHOD

Sampling techniques are methods used to obtain data and information needed in research. This research data sampling technique uses library studies.

1. Population

According to (Ramadan 2019., وآخ), population is a generalization area consisting of objects / subjects that have certain qualities and characteristics. The population in this study were all Banking Sector companies listed on the Indonesia Stock Exchange (IDX) in the year 2017-2021.

2. Sample

The sample is part of the population that the researcher wants to examine. According to Sugiyono (2011: 81) "Samples are part of the number and characteristics of the population." So that the sample is part of the existing population, so that sampling must use certain methods based on existing considerations.

RESEARCH RESULTS AND DISCUSSION

1. Statistic Descriptive

Describe the observed data including maximum value, minimum standard deviation average value (mean) range quortosis, sum, and swekness (wahyuni 2020).

From the Descriptive Analysis Results, the conclusions that can be drawn are as table 1 shows the descriptive statistical value of each variable. An explanation of the descriptive statistics for each variable is as follows:

a. Audit Report Lag

The number of observations for the Profitability Variable is in 80 observations obtained from 17 companies with a period of 5 years. Audit Report Lag is known to have a minimum value of 48, the maximum value is 195, the average value is 0.048150 with a standard deviation of 31.

b. Profitabilitas

The number of observations for the Profitability Variable is in 80 observations obtained from 17 companies with a period of 5 years. Profitability is known to have a minimum value of 0.000400, the maximum value is 0.575300, the average value is 87 with a standard deviation of 0.094794.

c. Financial Distress

The number of observations for the Financial Distress Variable is in 80 observations obtained from 17 companies with a period of 5 years. Financial Distress is known to have a minimum value of 0.469678 the maximum value is 0.937300 the average value is 0.535900 with a standard deviation of 0.535900.

d. Audit Tenure

The number of observations for the Audit Tneure Variable is in 80 observations obtained from 17 companies with a period of 5 years. Audit Tenure is known to have a minimum value of 2.850000, the maximum value is 5.000000, the average value is 3.000000 with a standard deviation of 5 years 1.415108.

e. Spseialisasi Auditor

The number of observations for the Auditor Specialization Variable is in 80 observations obtained from 17 companies with a period of 5 years. Auditor Specialization is known to have a minimum value of 0.000000, the maximum value is 1.000000, the average value is 3.000000 with a standard deviation of 3.000000 1.415108.

1. Analisis Regresi Data Panel Menggunakan Moderated Regression Analysis

a. Moderated Regression Analysis

Bertujuan untuk menentukan apakah pengaruh variabel tertentu berkaitan dengan efek satu variabel yang lain. Menurut (Wada 2021., وآخ) ada tiga langkah proses yang dilakukan dalam moderating regression analysis, adapun langkah-langkahnya adalah sebagai berikut:

1. Estimasi model original (tanpa moderating)
2. Estimasi persamaan moderating (variabel moderating dan variabel independen)
3. Lihat perubahan nilai R-square.

Setelah melakukan uji terhadap model regresi dengan menggunakan model Moderated Regression analysis dalam bentuk data panel, terpilih model ketiga yaitu dengan persamaan sebagai berikut:

$$Y = \alpha + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + \beta_5(X_1 * X_4) + \beta_6(X_2 * X_4) + \beta_7 (X_3 * X_4) + e$$

Model ini terpilih dikarenakan Model persamaan ketiga atau Moderating regression analysis memiliki pengaruh yang signifikan karena adanya variabel moderating, terpilihnya model ini setelah melalui tiga uji pada data panel. Didalam menganalisis data panel, terdapat tiga model regresi berganda yang perlu dipilih yang paling cocok dengan data yang diteliti, yaitu Common Effect Model, Fixed Effect Model dan Random Effect Model.

b. Model Selection Model Estimation

1) Chow Test

The Chow test is a test to determine between the Common Effect, Fixed Effect, and Random Effect models which are more appropriate to use in estimating Panel data The hypothesis in the Chow test in the study is as follows:

1. H_0 : Model follows Common Effect Model (CEM) if the Probability Cross - section F dan Cross - section chi-square $> \alpha$ (0,05)
2. H_a : Model follows Fixed Effect Model (FEM) if the Probability Cross - section F dan Cross - section chi-square $< \alpha$ (0,05)

If from the test results it is determined that the Common Effect model is used, it is necessary to conduct the Lagrange Mutplier test (LM -Test) to determine between the fixed effect models used, it is necessary to conduct a further test, namely the Hausman test to determine the Fixed or random model used.

Table 2 shows that the Cros section f value of 0.0001 means that the result is <0.05 , so the model used is fixed effect.

2) Hausman Test

To select the model used, whether you should use the Random Effect Model (REM) or the Fixed Effect Model (FEM). This test can be seen in the probability value (Prob). Cross - section random with the following hypothesis:

1. H_0 : Model follows Random Effect Model (REM) if the Probability value (Prob). Cross - section random $> \alpha$ (0,05)
2. H_a : Model follows Fixed Effect Model (FEM) if the Probability Value (Prob). Cross - section random $< \alpha$ (0,05)

To determine the results of the hausman test is to assess the Cross Section Probability if <0.05 then the model used is Fixed But if Probability > 0.05 then the model used is random in table 3 shows the probability value of Cross Section Random sebear 0.0002 <0.05 meaning that the hausman test results choose to use the Random model. Based on the results of the panel data model selection, to assess the panel data regression test using a random model in determining the decision of the results of this study.

3) Hypothesis Test

Based on table 4, the results of multiple regression analysis show that the probability value of profitability is 0.0001 <0.05 , this means that the profitability variable has an effect on Audit Report Lag, the probability value of financial distress is 0.0002 <0.05 , this means that the

financial distress variable has an effect on report lag, the probability value of Audit Tenure is $0.4767 > 0.05$, this means that the Audit Tenure variable has no effect on Audit Report Lag, the probability value of Profitability which is mediated by Auditor Specialization is $0.0001 < 0.05$, this means that the profitability variable which is mediated by Auditor Specialization has an effect on Report Lag, the probability value of financial Distress which is moderated by Auditor Specialization is $0.0002 < 0.05$, This means that the Financial Distress variable moderated by Auditor Specialization has an effect on Report Lag, the probability value of Audit Tenure moderated by Report Lag is $0.4767 > 0.05$, this means that the audit tenure variable moderated by Auditor Specialization has no effect on Report Lag From table 4.4 and the explanation above, the Moderating Regression Analysis equation in this study can be arranged as follows:

$$Y = 2,189 + 0,092X_1 - 0,96X_2 + 1,66X_3 + 0,76X_1 * X_4 - 0,10X_2 * X_4 + 1,033X_3 * X_4 + e$$

Description:

Y = Report Lag = Konstansta

X₁ = Profitabilitas

X₂ = Financial Distress

X₃ = Audit Tenure

Z = Spesialisasi Auditor

CONCLUSION

This research was conducted on Agricultural companies listed on the Indonesia Stock Exchange in 2017 - 2021. With the purposive sampling method, 80 companies were obtained, with data in the form of annual reports which included financial reports and audit reports. This study examines the effect of Profitability, Financial Distress, Audit tenure on Audit Report Lag with auditor specialization as a moderating variable. There are two hypotheses proposed in this study. The first hypothesis (H1) aims to test whether Profitability, Financial Distress audit tenure has a negative effect on Audit Report Lag. Furthermore, the second hypothesis (H2) aims to test whether auditor specialization strengthens the negative effect of audit tenure on Audit Report Lag. Based on the results of testing the first hypothesis (H1) accepted, researchers prove that audit tenure has a negative effect on Audit Report Lag. Companies audited by public accounting firms with long tenure have knowledge related to the characteristics, business operations and accounting systems of client companies. Public Accounting Firms with long tenure have good strategies and experience or flying hours so that they can increase the efficiency of time in completing audits of a company's financial statements quickly so as to minimize Audit Report Lag. The increase in audit completion time will also increase the publication of audited financial reports submitted by the company to the regulator, namely the OJK so that information related to the company's financial statements can be useful for its users.

The results of this study are consistent with research conducted by Lee et al. (Raya, 2020), (Giyanto & Rohman, 2018), and (Indriani & Wahyono, 2021). The results of testing the second hypothesis (H2) were rejected, auditor industry specialization as a moderating variable between audit tenure and Audit Report Lag was not proven to strengthen the negative influence between audit tenure and Audit Report Lag. Specialized expertise in an industry owned by KAP with long or short tenure has not succeeded in reducing Audit Report Lag. This insignificance may be due to the fact that KAP with a long tenure is proven to minimize ARL, but on the other hand, KAP has not controlled much market share of the total companies in an industry. Another factor that occurs is because there are still few manufacturing companies that use auditor industry specialization. The results of this study are consistent with research conducted by Ilmiyati (2016) and Karami et al. (2017) which successfully proved that auditor industry specialization does not moderate the relationship between audit tenure and Audit Report Lag. Research Limitations Researchers realize that in this study there are still limitations. Here are limitations that can be taken into consideration for further research, including:

1. The Adjusted R² results show that there are 84.4% explained by other factors outside of this study that can affect Audit Report Lag.
2. Researchers did not use the 2018 financial statements in this study because it is feared that there are still manufacturing companies that have not submitted annual reports

to the OJK in a timely manner.

3. Researchers do not have information related to the date of auditor assignment to examine the company's financial statements related to the calculation of Audit Report Lag.

ADVICE

Based on the research limitations mentioned above, the suggestion for further research is to increase the number of research samples and extend the research period so that it can describe the better condition of agricultural companies. Adding other independent variables such as Return on Assets (ROA), restatement of financial statements, Financial Distress, Audit Tenure. Using other measurement methods to determine specialist or non-industry specialist auditors based on market share as measured by Audit Report Lag. Future research is expected to know the date of the audit assignment information so that the ARL measurement is clearer, use Report Lag, and use other agricultural sectors or use more than one industrial sector in order to compare the effect on Audit Report Lag.

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