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Influence of Audit Committee, Auditor Industry Specialization, and Audit *Tenure on Audit Report Lag*

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ABSTRACT

This study examines the effect of audit committees, industry specialization auditors, and audit tenure on audit report lag with debt to equity ratio and KAP reputation as control variables. The type of data used in this study is secondary data in the form of the company's annual report. The population in this study are companies listed on the IDX in the 2018-2020 LQ45 index. The sampling method used was purposive sampling and obtained as many as 33 companies. The study results stated that the audit committee had a significant negative effect on audit report lag, industry specialization auditors had a significant positive effect on audit report lag, and audit tenure had no significant negative effect on audit report lag. Limitations in this study are the limitations of the sample and the method used. Future research is expected to be able to examine audit report lag from other perspectives, for example, in terms of auditor or client behavior.

Keywords: Audit Committee, Audit Report Lag, Audit Tenure, Specialized Industry Auditor

A. INTRODUCTION

Financial statements are a picture of the performance of a company. Shareholders have the right to know the company's financial condition and operational activities. Sulistyawati et al., (2019) explained that the very important role and high level of trust in the audit profession force the auditor to pay attention to the audit opinion he gives. Abdillah et al. (2019) stated that the timeliness of the publication of financial reports is very important to maintain the relevance of information in financial reports. The timeliness of the company publishing financial reports depends on the length of the company's financial statement audit process.

The period from the last fiscal date of the company's financial statements until the audited financial statements are completed is known as the audit report lag. Hassan (2016) states that *audit report lag* (ARL) is the period from the end of the company's fiscal year to the completion date of the audited financial statements. The auditor has a big responsibility for the company's

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audited financial statements, one of which is to complete the audit report on time. Sugita & Dwirandra (2017) stated that the deadline for submitting financial reports is three months after the last date of the fiscal financial statements or March 31 of the following year.

However, many companies publish their audited financial reports beyond the reporting deadline. Melani (2021) explained that the Indonesia Stock Exchange (IDX) recorded 88 companies or issuers and eight securities as of May 31, 2021, had not submitted audited financial reports ending December 31, 2020, so IDX was given a written warning I. Then, in 2019 as many as 22.2% of LQ45 companies reported their financial reports past the reporting deadline. There are various factors, both internal and external factors, that can affect audit report lag and lead to a lengthy audit period, so it takes longer for companies to publish their financial reports. Agency theory is used in research, and this theory describes the conflict of interests of principals and agents, namely between shareholders and company management. Some factors that will be examined in this study include audit committees, auditor industry specialization, and audit tenure.

The audit committee is part of good corporate governance, which oversees the implementation of good corporate governance principles and prevents the submission of published financial reports beyond the reporting deadline. Wedi & Manurung (2017) explained that the audit committee aims to objectively assess the company's financial condition and play a role in the quality of the company's financial statements. Previous studies discussing the influence of audit committee variables include research conducted by Abdillah et al. (2019), Abdulrahman & Raweh (2019), Wedi & Manurung (2017), and Ahmed & Che-Ahmad (2016). Research conducted by Abdillah et al. (2019) states that the audit committee has a negative and significant effect on audit report lag. Then, research by Abdulrahman & Raweh (2019) and Wedi & Manurung (2017) states that the audit committee positively influences audit report lag. Meanwhile, research conducted by Ahmed & Che-Ahmad (2016) states that the audit committee does not affect audit report lag.

Industry specialization auditors are auditors with a specific understanding of a particular industry, a more comprehensive understanding of the characteristics of the specialization industry. Abdillah et al. (2019) state that public accounting firm auditors who have a market share of at least 30% in certain industries are classified as industry specialties. Previous research related to industry specialist auditor variables includes research conducted by Handayani (2016) and Abdillah et al. (2019). Research conducted by Handayani (2016) states

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that industry specialist auditors have a negative effect on audit report lag. Meanwhile, research conducted by Abdillah et al. (2019) stated that the results of industry specialist auditors did not affect audit report lag.

Audit tenure is the period of work engagement between the auditor of a public accounting firm and the audited company to examine its financial statements. Nurhayati & Dwi (2014) stated that the longer the tenure audit engagement between the public accounting firm (KAP) auditor and the company, can increase the auditor's audit efficiency. Previous studies discussing tenure audit variables include research conducted by Tampubolon & Siagian (2020), Dao & Pham (2014), and Abdillah et al. (2019). Research conducted by Tampubolon & Siagian (2020) states that audit tenure has a positive effect on audit report lag. Research by Dao & Pham (2014) states that audit tenure has a negative effect on audit report lag. Meanwhile, research conducted by Abdillah et al. (2019) stated that the results of the tenure audit did not have a significant negative effect on audit report lag.

The increasing number of companies that publish their audited financial statements beyond the reporting time limit and the inconsistency of the results in previous research is the basis for researchers to examine the effect of audit committees, auditor industry specialization, and audit tenure on audit report lag.

B. LITERATURE REVIEW

Agency Theory

Agency theory was first coined in 1976 by Jensen and Meckling. This theory describes a conflict of interest between agents and principals, namely between management in the company and shareholders (Susandaya & Suryandari, 2021). In this case, the independent auditor acts as a third party and arbitrator of the principal and agent conflict.

Audit Report Lag (Y)

Handoyo & Hasanah (2017) explained that one way to measure the transparency and quality of financial reporting is the timeliness of reporting. Timeliness is an important factor in presenting reliable information. Audit report lag is the period from the end of the company's fiscal year until the financial statements have been audited and published. Khamisah et al. (2021) explain the time difference between the date of the audited financial reporting to the

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date of issue of the audit opinion in the financial statements indicating the length of time it takes for the auditor to complete. This is known as the audit report lag.

Audit Committee (X1)

The audit committee is made by the board of commissioners within the company to maintain and improve the company's audit quality. Gunarsa & Putri (2017) explain that the audit committee members are at least 3 people. This is regulated in the Decree of the IDX Directors No. 315/BEI/06/2000 and BAPEPAM Regulation No. IX.I.5

Auditor Industry Specialization (X2)

Industry specialization auditors are auditors with a specific understanding of a particular industry, a more comprehensive understanding of the characteristics of their specialization industry. Udayanti & Ariyanto (2017), in their research, explained that industry specialization shows the competence and expertise possessed by auditors in auditing financial statements in the industrial sector they are specializing in. Industry specialization of auditors is measured by looking at the percentage of market share of a KAP in auditing certain industrial sectors. Abdillah et al. (2019) stated that the specialization of the auditor industry in KAP has a market share of at least 30%.

Tenure Audits (X3)

A tenure audit is one factor that influences an auditor's effectiveness in auditing a company's financial statements. Audit tenure is the length of time the company's engagement with a public accounting firm is related to using audit services for the company's financial statements. In Indonesia, the period for using audit services by the same auditor or public accounting firm by a company is limited since the issuance of KMK No. 423/KMK.06/2002, which was subsequently revised into Regulation of the Minister of Finance of the Republic of Indonesia Number 17/PMK.01/2008. The regulation describes the provision of general audit services for financial statements in a company for a maximum of six consecutive years for KAP and a maximum of three consecutive years for a public accountant (Handayani, 2016).

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Debt to Equity Ratio (X4)

The Debt-to-Equity Ratio (DER) illustrates the company's high risk in fulfilling the company's obligations (liabilities). DER is measured by the ratio of total liabilities to total equity of the company. Juanita & Satwiko (2012) explained that a high company risk (DER> 1) indicates that the company is experiencing financial difficulties. Companies with a high Debt to Equity Ratio will require clearer disclosures that will require a longer audit completion time and increase audit report lag.

KAP reputation (X5)

Large Public Accounting Firms (KAP) have a high reputation in the business environment, are considered to have good and adequate resources, and are supported by more sophisticated systems to speed up audit report lag. Juanita & Satwiko (2012) explain that large KAPs generally have superior resources, international cooperation, large sources of funds, and accurate systems. Large KAPs generally earn higher fees when conducting audits than other KAPs, and large KAPs will maintain their reputation, so they will try to complete audit reports more quickly.

Framework of Thought

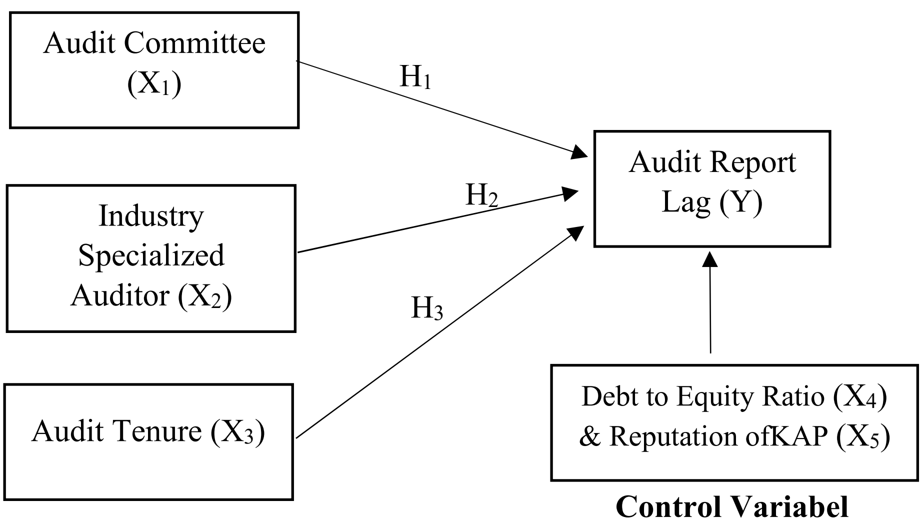

Figure 1. Research Framework

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Hypothesis Development

The Influence of the Audit Committee on Audit Report Lag

The audit committee is made by the board of commissioners within the company to maintain and improve the quality of the company's audit reports. Abdillah et al. (2019) stated that the audit committee's role is to ensure that external audits run effectively so that audited financial reports can be completed on time. An adequate audit committee with relevant experience and formal qualifications supports the creation of an effective audit committee. The greater the number of audit committees, the more effective the audit committee is in overcoming financial problems that can occur in a company. The research hypothesis is supported by several studies conducted by Abdillah et al. (2019) and Gunarsa & Putri (2017), which state that the audit committee has a negative effect on audit report lag g. Based on the description above, H1 is arranged as follows

H1 : The audit committee has a negative effect on audit report lag.

The Influence of Auditor Industry Specialization on Audit Report Lag

Industry specialization auditors are auditors with a special understanding of a particular industry. Comprehensive understanding of the characteristics of the specialization industry. Auditors of public accounting firms that have a market share of at least 30% in the same or similar industry are classified as industry specializations. Handayani (2016) states that if a public accounting firm (KAP) that conducts an audit of a company's financial statements has the same industry specialization as the company, then the public accountant can complete the audited financial statements before the reporting deadline because the auditor is very comprehensive in that industry. This hypothesis is supported by research conducted by Handayani (2016), which states that industry specialization auditors have a negative effect on audit report lag. Based on the description above, H2 is arranged as follows.

H2 : Auditor industry specialization has a negative effect on audit report lag.

Effect of Tenure Audit on Audit Report Lag

Audit tenure is one factor that influences a public accountant's effectiveness in auditing a company's financial statements. Dao & Pham (2014) stated that it takes time for auditors to understand and get used to the client company's operational activities. Companies tend to conduct longer audit engagement periods with public accounting firms because they understand the company’s condition. A long audit engagement period can shorten the audit completion period. This hypothesis is supported by previous research conducted by Dao & Pham (2014), which states that audit tenure has a negative effect on audit report lag. Based on the description above, H3 is arranged as follows.

H3 : Audit tenure has a negative effect on audit report lag.

C. RESEARCH METHOD

Data analysis techniques using multiple linear regression models were carried out in this study to test existing hypotheses and use the Statistical Program for Social (SPSS) version 23 software.

Variable Measurement

Audit Report Lag (Y)

Audit report lag is the period from the end of the company's fiscal year until the financial statements have been audited and published. In this study, audit report lag is measured by the last fiscal date of the company's financial statements until the company's audited financial statements are completed (Hassan, 2016).

Audit Committee (X1)

The audit committee oversees the implementation of good corporate governance principles. The audit committee plays a role in maintaining and improving the quality of the company's audit reports. The audit committee variable in this study is measured based on the number of audit committees of the company. This measurement was adopted from Gunarsa & Putri's (2017) research.

Auditor Industry Specialization (X2)

The industrial specialization of auditors in this study is measured by comparing the same number of KAPs in one industrial company in the research object according to the industry classification issued by the Indonesia Stock Exchange (IDX) with the total number of companies in that industry. Based on this comparison, the percentage for the specialization of the auditor industry with a market share of at least 30% is obtained. The measurement uses a dummy variable for auditor industry specialties with a market share equal to or more than 30%

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will be coded 1. In comparison, auditor industry specializations with a market share below 30% are coded 0 (Abdillah et al., 2019).

$$\frac{\text{The number of companies with the same KAP in one industry}}{\text{Total number of companies in one industry}} \times 100\%$$

Audit Tenure (X3)

Audit tenure is the length of time the company's engagement with the auditor or public accounting firm is related to using the company's financial statement audit services. Tampubolon & Siagian (2020) stated that the longer the engagement period between the KAP and the client company allows the KAP to understand better the client's industry, and the audit process is more effective. Measurement of audit tenure in this study is measured based on the length of the engagement period between the auditor (KAP) and the auditee related to the use of agreed audit services (Abdillah et al., 2019).

Debt to Equity Ratio (X4)

The Debt to Equity Ratio (DER) illustrates the company's high risk in fulfilling the company's obligations (liabilities). DER is measured by the ratio of total liabilities to total equity of the company. Juanita & Satwiko (2012) explained that high company risk (DER > 1) indicates that the company is experiencing financial difficulties.

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

KAP reputation (X5)

Large Public Accounting Firms (KAP) have a high reputation in the business environment, are considered to have good and adequate resources, and are supported by more sophisticated systems to speed up audit report lag. In this study, KAP's reputation was measured using a dummy variable. Companies audited by Big 4 KAPs are given code 1, while Non-Big 4 KAPs are given code 0 (Wulandari & Wijayanti, 2020).

Population and Sample

The population in this study are companies listed on the IDX in the 2018-2020 LQ45 index. The samples obtained in this study were 33 companies or 99 company samples for a

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three-year observation period, namely 2018-2020. The sampling method used in this study was non-probability sampling using a purposive sampling technique.

Table 1. Research Sample

Total Description	Number
LQ45 companies in 2018-2020 (45 companies x 3)	135
LQ45 companies not listed consecutively during 2018-2020	(36)
Total Sample	99
(33 companies x 3 years of observation)	

Data collection technique

The researcher used the documentation study method to collect data from the company's annual LQ45 financial reports for 2018-2020, published on the Indonesia Stock Exchange (IDX) through its website (www.idx.co.id).

D. RESULTS AND DISCUSSION

Descriptive Statistics Test

Descriptive statistics serve to describe or describe the object under study through the sample. The following are the results of the descriptive statistical test:

Table 2. Descriptive Statistical Analysis

	N	Minimum	Maximum	Means	std. Deviation
ARL (Y)	99	31.00	99.00	68.4848	19.19256
KA (X1)	99	3.00	8.00	3.7374	1.08408
AIS (X2)	99	0.00	1.00	0.1818	0.38766
AT (X3)	99	1.00	6.00	3.8384	1.53002
DER (X4)	99	0.14	16.08	1.9445	2.58164
RK(X5)	99	0.00	1.00	0.8081	0.39581

Source: Data processed by the author. 2022

Table 3. Frequency Test of Auditor Industry Specialization

		frequency	percent	Valid Percent	percent
Valid	0.00	81	81.8	81.8	81.8
	1.00	18	18.2	18.2	100.0
	Total	99	100.0	100.0	

Source: Data processed by the author. 2022

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Table 4. KAP Reputation Frequency Test

		frequency	percent	Valid Percent	percent
Valid	0.00	19	19.2	19.2	19.2
	1.00	80	80.8	80.8	100.0
	Total	99	100.0	100.0	

Source: Data processed by the author. 2022

1. Audit report lag has a minimum value of 31 and a maximum value of 99. These results indicate that the LQ45 companies in this study publish audited financial reports in the shortest period of 31 days and the longest of 99 days. In addition. audit report lag has a mean value of 68.48. which means the company's average audit report lag is 68-69 days.
2. Measurement of the audit committee is based on the number of audit committees of the company. The audit committee has a minimum score of 3 and a maximum score of 8. These results indicate that the LQ45 companies in this study have at least 3 audit committee members and. at most. 8 audit committee members in their companies. The mean value of the audit committee is 3.73. which means that the average number of audit committees in LQ45 companies is 3-4 people.
3. Dummy variable. a value of 1. means the company is audited by a public accounting firm specializing in that industry. A value of 0 means the company is audited by a public accounting firm. not a specialist in that industry. The public accounting firm is said to be specialized in that industry if it has audited at least 30% of all companies in that industry. The mean value of the auditor industry specialization variable is 0.181.
4. Measurement of audit tenure in this study is based on the length of the engagement period between the auditor of a public accounting firm (KAP) and the company being audited. Audit tenure has a minimum value of 1 and a maximum value of 6. These results indicate that the LQ45 companies in this study have at least 1 year of audit engagement and the longest of 6 years of audit engagement. The mean value of the audit tenure is 3.83. meaning the average audit engagement is 3-4 years.

Classic Assumption Test

Normality test

The normality test was carried out to determine whether the data obtained in the study were normally distributed. The Kolmogorov-Smirnov test with a probability value of 0.05 is used to test the normality of the data in this study.

Table 5. Kolmogorov-Smirnov One-Sample Normality Test

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		Unstandardized Residuals
N		99
Normal Parameters a.b	Means	0.0000000
	Std. Deviation	17.05099150
Most Extreme Differences	absolute	0.079
	Positive	0.079
	Negative	-0.052
Test Statistics		0.079
asymp. Sig. (2-tailed)		0.162

Source: Data processed by the author. 2022

Based on the test results with the One-Sample Kolmogorov-Smirnov in the table. a 2-tailed significance value of 0.162 > 0.05 is obtained. which proves that the study variables are normally distributed.

Multicollinearity Test

The multicollinearity test was carried out to test the regression model and whether there is a relationship or correlation between the independent (independent) variables in the study. The regression model is said to be good if there is no correlation between the independent variables in the study (Ghozali. 2018).

Table 6. Multicollinearity Test

		tolerance	VIF
1	Audit Committee (X1)	0.727	1.376
	Auditor Industry Specialization (X2)	0.884	1.131
	Tenure Audits (X3)	0.807	1.239
	Debt to Equity Ratio (X4)	0.763	1.311
	KAP reputation (X5)	0.836	1.197

Source: Data processed by the author. 2022

Based on the table's multicollinearity test results. the independent variable's tolerance value is greater than 0.10. and the variance inflation factor (VIF) value for the independent variable is less than 10. The test results prove that the regression model between independent variables in the study is free from multicollinearity.

Autocorrelation Test

The autocorrelation test was carried out to know whether there is a correlation in the linear regression model between the confounding errors in period t and period t-1 (Ghozali. 2018). This study used the Durbin-Watson (DW) test to test autocorrelation. If D < DL or > (4-

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DL) indicates there is autocorrelation. and if D lies between DU and (4-DU) indicates there is no autocorrelation.

Table 7. Autocorrelation Test

Model	**Durbin-Watson**
1	1.924

Source: Data processed by the author. 2022

Based on the test results in Table 7. the DW is 1.924. The DW value is compared with the value based on the DW table with a significance level of 5%. the number of samples is 99. and the number of dependent variables is 5 (K=5). Table 7 shows the value of DL 1.5683 and DU 1.7799. The DW value from the test results of 1.924 is greater than DU 1.7799 and smaller than 4-DU. namely 4-1.7799 = 2.2201. The value of D lies between DU and (4-DU). This indicates that there is no autocorrelation.

Heteroscedasticity Test

Heteroscedasticity is a disorder variant that is not constant. The sig of t < 0.05 indicates heteroscedasticity. and the sig of t > 0.05 does not have heteroscedasticity.

Table 8. Heteroscedasticity Test

		Unstandardized Coefficients		**Standardized Coefficients**		
Model		**B**	**std. Error**	**Betas**	**t**	**Sig.**
1	(Constant)	8.458	3.362		2.516	0.014
	KA (X1)	0.273	0.748	0.032	0.365	0.716
	AIS (X2)	-12.174	2.157	-0.516	-5.644	0.000
	AT (X3)	1.839	0.540	0.308	3.406	0.005
	DER (X4)	0.678	0.341	0.204	1.991	0.051
	RK(X5)	3.332	2.122	0.154	1.570	0.120

a. Dependent Variable: Absolute

Source: Data processed by the author. 2022

Based on the results of the heteroscedasticity test in the table above. the sig value of the audit committee variable (X1) and debt to equity ratio (X4) sig > 0.05 indicates that there is no heteroscedasticity. Meanwhile. in the auditor industry specialization variable (X2). audit tenure (X3). and KAP reputation (X5). the sig value <0.05 indicates that there is heteroscedasticity because this study uses panel data.

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Ghozali (2016) states that if the conclusion of the hypothesis testing results remains significant and the sign of the coefficient remains the same when the heteroscedasticity healing procedure has been conducted. then this indicates that heteroscedasticity is not a serious problem in the regression model. This is supported by research conducted by Verbeek (2012). that research using panel data can override assumption limitations or constraints when identifying regression parameters because panel data is more informative data and more efficient in reducing correlations between variables.

Multiple Linear Regression Analysis

Multiple linear regression analysis was used in this study to test the variables of the audit committee (X1). auditor industry specialization (X2). and audit tenure (X3) in influencing audit report lag (Y).

Table 9. Multiple linear regression analysis

		Unstandardized Coefficients		**Standardized Coefficients**		
Model		**B**	**std. Error**	**Betas**	**t**	**Sig.**
1	(Constant)	89.371	7.437		12.018	0.000
	KA (X1)	-5.209	1.655	-0.294	-3.147	0.002
	AIS (X2)	15.184	4.771	0.307	3.182	0.002
	AT (X3)	-1.089	1.194	-0.087	-.912	0.364
	DER (X4)	-2.909	0.717	-0.391	-4.056	0.000
	UK (X5)	-7.525	4.469	-0.155	-1.684	0.096

Source: Data processed by the author. 2022

Based on the results of the coefficient test in Table 9. a multiple linear regression equation model was developed as follows:

$$ARL = 89.371 – 5.209KA + 15.184SIA – 2.909DER – 7.525RK + \varepsilon$$

Based on the regression model. it can be concluded:

1. Constant

The constant value of 89.371 indicates that if all the independent variables. namely the audit committee. auditors specializing in the industry. and audit tenure. are absent in the audit study. the company's report lag is approximately 89 days.

2. Audit Committee Regression Coefficient

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The regression coefficient of the audit committee variable is -5.209. which means that if a company uses an audit committee. it will reduce its audit report lag period by 5 days.

3. Auditor Industry Specialization Regression Coefficient

The regression coefficient of the auditor industry specialization variable is 15.184. meaning that if the company is audited by a public accounting firm specializing in that industry. it will increase its audit report lag period by 15 days.

4. Tenure Audit Regression Coefficient

The regression coefficient for audit tenure has a value of -1.089. which means that if a company has a longer audit engagement period with a public accounting firm. it can shorten the audit completion time or audit report lag by 1 day.

T-test (Partial Test)

The t-test was conducted to test the regression coefficients partially and to determine the significance of the independent variable's effect on the dependent variable. The probability value e in the t-test is 5% (α = 0.05). If the probability value is less than 0.05. it means that there is a partial effect and the hypothesis is supported.

1. Based on the test results in Table 9. the audit committee variable is -3.147. with a significance value of 0.002. This shows that the audit committee influences audit report lag. so the 1st hypothesis. which states that the audit committee has a negative effect. is supported.
2. Based on the test results in Table 9. the auditor industry specialization variable is 3.182. with a significance value of 0.002. This indicates that the auditor industry specialization has a significant effect with a positive relationship to audit report lag. So. the second hypothesis. which states that auditor industry specialization negatively affects audit report lag. is not supported.
3. Based on the test results in Table 9. the tenure audit variable is -0.912. with a significance value of 0.364. This indicates that tenure audit has a negative relationship with audit report lag but has no significant effect. The tenure audit significance value of 0.364 is greater than 0.05. indicating that the independent variable tenure audit does not partially affect the dependent variable audit report lag. So. the 3rd hypothesis. which states that audit tenure negatively affects audit report lag. is not supported.

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Determination Coefficient Test (R^2)

The coefficient of determination test (R^2) aims to test the ability of the research model to explain the dependent variable by seeing how much variation in the dependent variable can be explained by variations in the independent variable.

Table 10. Determination Coefficient Test

Model	R	R Square	Adjusted R Square	std. The error in the Estimate
1	.583 [a]	.340	.304	16.00789

Source: Data processed by the author. 2022

Based on the test results in the table above. a determination coefficient of 0.304 is obtained. which means that the independent variables of the audit committee. auditor industry specialization. and audit tenure affect audit report lag of 30.4%. In comparison. the other 69.6% are influenced by other variables outside this study.

Hypothesis Discussion

The Influence of the Audit Committee on Audit Report Lag

The company's audit committee was formed to maintain and improve the quality of the company's financial reports. Abdillah et al.. (2019) stated that the audit committee's role is to ensure that external audits run effectively so that audited financial reports can be completed on time. The audit committee plays a role in the relationship between principals (shareholders) and agents (management) to overcome information asymmetry and speed up the company's audited financial reporting process so that the company's audited financial reports can be published immediately before the reporting deadline. Based on Table 9. the regression coefficient of the audit committee variable is -5.209 with a significance value of 0.002. which means that the audit committee has a significant negative effect on audit report lag. The study results show that more audit committees can reduce the company's audit report lag.

An audit committee with relevant experience and formal qualifications and an adequate number of audit committees within a company can support the creation of an effective audit committee. The audit committee plays a role in the company's internal control and risk

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management processes. The greater the number of audit committees. the more effective the audit committee is in overcoming financial problems that can occur in a company. Thus. when the company's internal controls run well. it can reduce the risks leading to lengthy audit times.

These results follow the agency theory used that the audit committee plays a role in the relationship between principals (shareholders) and agents (management) to overcome information asymmetry to speed up the company's audited financial reporting process and the company's audited financial statements can be published immediately before the reporting deadline. The results of this study support several studies conducted by Abdillah et al.. (2019) and Gunarsa & Putri (2017). which state that the audit committee has a negative effect on audit report lag.

Effect of Auditor Industry Specialization on Audit Report Lag

Industry specialization auditors are auditors with a special understanding of a particular industry. Comprehensive understanding of the characteristics of the specialization industry. Udayanti & Ariyanto (2017) stated that the auditor's industry specialization describes the ability and competence of an auditor in auditing certain industries that have become his specialization. Auditors of public accounting firms that have a market share of at least 30% in the same or similar industry are classified as industry specializations. Based on Table 9. the regression coefficient of the auditor industry specialization variable is 15.184 with a significance value of 0.002. which means that the auditor industry specialization has a significant positive effect on audit report lag. The study results show that if a company is audited by a KAP. a specialty of the industry. it can increase the length of audit time or audit report lag.

This study’s results do not follow the agency theory used in this study. namely that a public accountant with industry specialization can overcome conflicts of interest between shareholders and company management by overcoming information asymmetry and increasing audit efficiency. The results of this study have a positive effect because the public accounting firm. which has industry specialization for the company being audited. indicates that it is very comprehensive in the industry. Industry-specialized auditors who are well versed in the industry of their specialty will provide high performance in the company's audit process and implement more precise planning and monitoring of audit procedures.

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Thus. the specialization of the auditor industry requires a longer time to audit financial statements and causes an increase in audit completion time or audit report lag. This research supports Pradipta & Zalukhu (2020). who states that auditors with industry specialization positively affect audit report lag. Pradipta & Zalukhu (2020) explain that industrial auditor specialization maintains a good reputation. provides the best performance. and conducts extensive audit procedures that require longer.

Effect of Audit Tenure on Audit Report Lag

Audit tenure is an audit engagement period between the audited company and a public accounting firm. An auditor who has audited a company's financial statements for a long time will better understand the company's condition. Companies tend to conduct longer audit engagement periods with public accounting firms because they understand the company's condition. Based on Table 9. the regression coefficient of the tenure audit variable is -1.089 with a significance value of 0.364. which means that tenure audit has a negative but insignificant effect on audit report lag. The study results show that if the company conducts a longer audit engagement period. it will not influence the length of time the audit or audit report lag of the company.

Auditors in public accounting firms must work professionally to complete the audit process promptly not to harm shareholders who wish to use financial reports to make decisions. This is also supported by regulations stipulating that a public accounting firm audits the same company for 6 consecutive years at most. Thus. it can be concluded that a longer audit tenure or audit tenure does not shorten the audit report lag and vice versa. The results of this study support research conducted by Abdillah et al.. (2019). which states that audit tenure has no significant negative effect on audit report lag . Abdillah et al.. (2019) explained that auditors must work professionally to complete audits promptly following applicable regulations.

E. CONCLUSION

This research used 33 LQ45 sampled companies during the 2018-2020 period. Several data processing tests were carried out to empirically test the independent variables' effect on the dependent variable. Based on the test results. it can be concluded that the audit committee has a significant negative effect on audit report lag because an adequate audit committee increases its effectiveness in overcoming financial problems in the company. When the

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company's internal controls are running well. it can reduce the risks that can cause the length of audit time. Auditor industry specialization has a significant positive effect on audit report lag because auditors with industry specialization understand the industry in which they specialize and provide high performance in the company's audit process. auditor industry specialization will implement more precise planning and monitoring of audit procedures. Thus. the specialization of the auditor industry requires a longer time to audit financial statements and causes an increase in audit completion time or audit report lag. Audit tenure does not have a significant negative effect on audit report lag because auditors in public accounting firms are required to work professionally in completing the audit process promptly so as not to harm shareholders.

This study still has some limitations. From these limitations. suggestions for further research are to expand the research object to all companies listed on the Indonesia Stock Exchange (IDX) so that research can provide more accurate results from the entire population. Then. adding other independent variables can further influence audit report lag because the independent variables in this study are still lacking in interpreting the effect on audit report lag. Other independent variables that can be added are solvency. company size. and company internal audit. Future research can also be expected to examine audit report lag from other perspectives. for example. auditor or client behavior.

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