Factors Affecting Audit Report Lag in Property and Real Estate Companies on The IDX 2017-2021

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Issuers listed on the stock exchange are mandated by Regulation No. 29/PJOKK.04/2016, issued by the Financial Services Authority (OJK), to submit their annual reports by the conclusion of the fourth month following the end of the financial year. However, there remains a deficiency in awareness regarding this obligation among entities, particularly concerning the reporting of audited financial statements. As reported by www.kontan.co.id (2023) the Indonesian Stock Exchange (BEI) revealed recently that sixty-one listed companies have not submitted audited financial reports by December 31, 2022, as required by law. As a result, they were fined IDR 50,000,000 for the delay and issued a level II written warning. Twelve of these businesses are involved in the real estate and property industry. The purpose of this study is to look at the elements that affect this industry's audit report delays. With the help of purposive sampling, 15 companies were chosen as research samples for the study, which focuses on real estate and property companies listed on the IDX. Multiple linear regression analysis was used to assess hypotheses after secondary data analysis. The findings suggest that although the age of the company and profitability influence audit report delays, the complexity of the company's operations and debt do not have a significant impact on these delays.

Keywords: Audit Report Lag, Complexity of Company Operations, Company Age, Leverage, Profitability

Introduction

Rapid technological developments have tightened competition in the business world, encouraging companies to continue to develop for continuity in an increasingly tight and competitive environment. This phenomenon also has an impact on the provision and acquisition of information, especially in the form of financial reports prepared by companies. In response, every business entity registered on the Indonesian Stock Exchange is required to comply with the regulations set by the Financial Services Authority. This mandate includes submitting audited financial reports by an outside auditor by the specified deadline. Issuers or publicly traded firms are mandatory to provide annual reports to the Financial Services Authority (OJK) by the end of the fourth month after the end of the fiscal year, as per Regulation Number 29/PJOKK.04/2016 published by the OJK.

Entities that have made a public offering of shares and are registered on the Indonesia Stock Exchange have an obligation to submit financial reports that comply with Financial Accounting Standards (SAK) and have undergone an audit process, within the specified time limit. Delays in

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submitting financial reports may result in fines being imposed based on applicable regulatory provisions. To improve the company's image and reputation, it is very important for companies to submit audited financial reports promptly.

However, the level of awareness of entities to report audited financial reports is still lacking. As reported by www.kontan.co.id (2023), the Indonesian Stock Exchange (BEI) announced that 61 issuers had not submitted audited financial reports until 31 December 2022. As a consequence of this delay, the 61 issuers received a level II written warning and were subject to a fine of IDR 50,000,000. Of this number, 12 companies operate in the property and real estate sector. Currently, the property and real estate sector shows positive prospects, especially considering the increasing population growth in Indonesia. This condition creates greater opportunities for development in the property and real estate sector. Based on news released from cnbcindonesia.com (2023b) property business has become a favourite choice for foreign investors because it is considered a solid business. Property investment, especially in the housing sector, industrial areas, offices, hotels and restaurants, attracts investor interest. According to data released by the Ministry of Investment/BKPM, the housing, industrial area and office subsectors are major contributors to the growth of Gross Domestic Product (GDP) in the property sector, reaching around IDR 28 trillion or around 77% of total property investment. On the other hand, the hotel and restaurant sector also contributed around 23%, with a value of around IDR 8 trillion.

Based on data recorded on the IDX, PT Forza Land Indonesia (FORZ) has been listed on the IDX since 2017. Reported by cnbcindonesia.com (2023a) PT Forza Land Indonesia (FORZ), which has only been listed on the IDX for 5 years, was officially declared bankrupt following the Commercial Court Decision rendered by the Central Jakarta District Court. PT FORZ also reported the performance of its latest financial report in the third quarter of 2020. Where the financial report still has outstanding obligations. Since being listed on the IDX until 2021, PT FORZ reportedly did not submit annual financial reports for the 2020 and 2021 periods. As reported by merdeka6.com (2021) 52 issuers had not filed their financial reports as of December 31, 2020; PT Forza Land Indonesia (FORZ) is one of these issuers since they have also not filed their financial reports. Meanwhile, quoted from kontan.co.id (2022) there are 68 issuers who have not submitted their 2021 financial reports and among these 68 issuers, PT FORZ is also recorded as not having reported their financial reports.

Agency Theory

According to Jensen & Meckling (1976) an agency relationship framework describes the dynamic between managers and shareholders. This framework acknowledges contradictory interests can emerge among the principal (shareholders) and the agent (management), leading to information asymmetry. In such situations, the agent typically possesses more detailed information about the company's activities and developments compared to the principal. This is because, although having access to comprehensive information about the company's operations, the agent is free to decide not to provide the principal with all pertinent information if doing so would better serve the agent's interests.

According to agency theory, there is a strong correlation between audit report delays and the intricacy of a company's activities. When a corporation has a complex organizational structure, including several branches or subsidiaries, auditors may find it difficult to disclose pertinent information, which could result in expensive agency charges. The possibility of high agency expenses increases with firm complexity, thus impeding the audit process (Ramdhani et al., 2021). Agency theory, meantime, is also applicable to firm age. Company age can improve management competence and financial reporting experience, which can help overcome agency issues. Management typically becomes more adept and experienced at overseeing the audit process as the organization becomes older. This can ensure that audited financial statements can be delivered to
principals on time, expedite the audit process, and lessen issues with information asymmetry (Prasetyo & Rohman, 2022).

**Signal Theory**

Signal theory can be interpreted as a form of signal given by the company, especially by managers, to external parties, such as investors. These signals are designed to contain strong information, with the hope that external parties will change their assessment of the company based on the signals provided (Firmansyah & Amanah, 2020).

The pertinent relationship between the impact of leverage and the lag in audit reports is explained by signal theory. Gantino & Susanti (2019) cite Brigham and Houston (2013: 184–186) as saying that signal theory can be understood as a measure a company takes to provide investors an idea of management's assessment of the company's prospects. The purpose of this action is to influence the opinions of investors and other external parties regarding the performance and future of the company by sending them cues or signals. Meanwhile, signal theory is defined by Firmansyah & Amanah (2020) as a signal that managers employ to investors that is meant to imply anything in the sense that the signal needs to contain information to alter the external parties' judgment of the organization.

**Audit Report Lag**

The term "audit report lag" describes the amount of time an auditor needs to complete the audit of financial reports, starting from the point at which the audit is initiated and ending when the annual report that is prepared for filing with the Financial Services Authority (OJK) is due. (Nuridah & Junengsih, 2022) (Witono & Yanti, 2019). However, Juanita & Satwiko (2012) argue that obtaining an independent report on the results of the financial report audit can be used to measure the audit report latency. The timeframe starts when the company finalizes its book closing process and concludes upon the date specified in the independent auditor's report. Essentially, audit report lag spans from the completion of book closing to the publication date of the independent audit report. This variable, audit report lag, is quantified in units of time, specifically in days (Sambuaga & Santoso, 2020).

**Audit Report Lag = Audit Report Date – Financial Report Date (December 31)**

Audit report lag can be defined as the amount of time an auditor needs to do his audit, based on a number of hypotheses that have been discussed. This time frame is determined by adding the closure date of the business's books, which is typically December 31st, to the date of the official audit financial statements' release. The amount of time the auditor needs to finish the audit may effect when the financial statements are submitted, which may then influence how the market reacts to the company.

Knechel & Payne (2001) in Ni'mah & Triani (2021) categorize audit report lag into three component intervals, namely: (1) Scheduling lag, which is the time between the start of field work and completion; (2) Field work lag, which is the period between the start and completion of field work; (3) Reporting lag, which includes the time between the completion of field work and the date of the auditor's report.

**Complexity of Company Operations**

According to Balqis & NR (2023) operational complexity is caused by many different departments and task divisions. The more complex the company's operations, the longer the auditor takes to complete the auditing of the financial statements. Meanwhile, Martius (2012: 12) in Napisah & Lestari (2020) argues that operating relationships become increasingly complex when jobs and departments are divided based on the number of different units, which causes more
complex management problems. The number and location of operating units (branches), as well as the diversity of product lines and markets are factors that affect the time it takes auditors to complete their audit work.

**Leverage**

Leverage refers to the ability of an entity to pay off its debt (Sudjono & Setiawan, 2022). Dura (2017) in Al-Faruqi (2020) argues that leverage is an achievement of a company in the context of fulfilling obligations when the company is liquidated. In addition, according to Cashmere (2014: 158) in Gantino & Susanti (2019) states that leverage is a ratio used to assess the relationship between debt and equity of a company. The higher this ratio, creditors tend to consider it unfavorable due to the increased risk of failure.

Febriyanti (2011) in Firmansyah & Amanah (2020) said that the level of leverage in the company shows the ability of a company to fulfill its obligations. A high level of leverage means that the company's risk of loss will also increase (Tirtanata & Yanti, 2021).

**Profitability**

Profitability reflects the ability of a company to generate profits, where high levels of profit are an indicator of positive performance. Good company performance has a positive impact on investor perceptions, encouraging companies to immediately convey positive news to users of their financial statements (Tampubolon & Siagian, 2020).

To calculate the profitability of a company, you can use the Return On Asset (ROA) ratio. The greater the Return On Asset (ROA) value, the greater the profit the company gets with the company's minimal assets (Abbas et al., 2019).

**Company Age**

Company age is defined as the length of time since the company was listed on the IDX, which starts from the date of the initial public offering (IPO) until the year when the research was conducted. Ariani & Bawono (2018) argue that the age of a company can be considered an indicator of how long the company has survived and successfully operated in the midst of competitive market competition. Companies that have a long age usually show sustainability, stability, and the ability to adapt to changes in the business environment. Conversely, a relatively short lifespan may indicate the company's challenges or inability to cope with strong market competition. Therefore, company age can provide insight into the sustainability and resilience of a company in a dynamic business environment.

**Framework**

![Figure 1. Framework](image-url)

**Hypothesis**

The Influence of Company Operational Complexity on **Audit Report Lag**

Operational complexity shows how each company unit relates to each other to achieve company goals (Hasibuan & Abdurahim, 2017). According to Balqis & NR (2023) operational complexity is caused by the many different departments and task divisions. The more complex the company's operations, the longer the auditor will be required to finalize the audit of the financial
statements. According to Wardhani & Raharja (2013) in Sambuaga & Santoso (2020) the complexity level of a company's operations may be indicated by the square root of the total number of subsidiaries it possesses.

According to Dewangga & Laksito (2015), a company's asset count might serve as an indicator of its operational complexity. Operational complexity, the diversity of variables involved, and the intensity of the transactions carried out all have an impact on the dimensions of the organization, big and small. The time it takes to produce financial reports for public submission is impacted by each of these variables. Larger businesses typically take longer to finish the financial statement preparation process.

\[
\text{Complexity of Company Operations} = \sqrt{\text{Jumlah anak perusahaan}}
\]

Research by Khamisah et al., (2023) concluded that the complexity of company operations has a positive influence on \textit{audit report lag} in contrast to research findings by Balqis & NR (2023) which states that the complexity of company operations does not affect \textit{audit report lag}.

**Ha₁**: The complexity of company operations influences \textit{audit report lag}.

### The Effect of Leverage on Audit Report Lag

Leverage refers to an entity's ability to pay off its debt (Sudjono & Setiawan, 2022). Apart from that, according to Kasmir (2014:158) in Gantino & Susanti (2019) states that leverage is a ratio used to assess the relationship between debt and equity of a company. The higher this ratio, the less favorable creditors are likely to view it due to the increased risk of default. Febriyanti (2011) in Firmansyah & Amanah (2020) said that the level of leverage in the company shows the ability of a company to fulfill its obligations. A high level of leverage means that the company's risk of loss will also increase. Leverage in this research is measured by comparing total liabilities with total company equity.

\[
\text{DER} = \frac{\text{Total Kewajiban}}{\text{Total Ekuitas}}
\]

Based on research by Nuridah & Junengsih (2022) leverage has an effect on \textit{audit report lag} . Meanwhile, based on research by Sudjono & Setiawan (2022) leverage negatively impacts \textit{audit report lag}.

**Ha₂**: Leverage affects \textit{audit report lag}.

### The Influence of Profitability on Audit Report Lag

Profitability signifies a company's capacity to generate earnings, where a high level of profit is a positive performance indicator. Good company performance has a positive impact on investor perceptions, encouraging companies to immediately convey positive news to users of their financial reports (Tampubolon & Siagian, 2020). Profitability can be calculated using:

\[
\text{ROA} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aset}} \times 100\%
\]

Based on studies carried out by Nurjanah et al., (2022) concluded that profitability has a significant positive influence on \textit{audit report lag} . However, these findings are different from research conducted by Sastrawan & Latrini (2016) which indicates that profitability exerts a negative impact on audit report lag.

**Ha₃**: Profitability influences \textit{audit report lag}.

### The Influence of Company Age on Audit Report Lag

Company age refers to the duration since the company was listed on the IDX, starting from the date of the initial public offering (IPO) until the year when the research was conducted. Ariani & Bawono (2018) argue that a company's age could be considered as an indicator of how long the company has survived and successfully operated in the midst of competitive market competition.
Company age is calculated based on the time period starting from the year the company was registered on the IDX until the year the research was conducted.

\[ \text{Company age} = \text{year of research} - \text{year the company was registered on the IDX} \]

Based on research by Agustina & Jaeni (2022) the age of a company significantly influences audit report lag. Meanwhile, based on research by Gaol & Sitohang (2020) company age negatively affects audit report lag in a statistically insignificant manner.

**Ha:** Company age influences *audit report lag*.

**The Influence of Company Operational Complexity, Leverage, Profitability, Company Age on Audit Report Lag**

Entities that have a number of branches or subsidiaries generally require longer time for an auditor to complete their audit tasks. Entities with high levels of *leverage* make auditors more careful in carrying out their work, which ultimately results in an increase in the duration of audit reports. Profitability is good news for a company, and companies with high profits generally do not delay submitting audited financial reports. When compared to newly established companies, older companies tend to have more experience and knowledge regarding *audit report lag*.

Khamisah et al., (2023) posit that the complexity of company operations positively influences audit report lag. In contrast, Balqis & NR (2023) argue that the complexity of company operations does not impact audit report lag. Nuridah & Junengsih (2022) suggest that leverage affects audit report lag, while Sudjono & Setiawan (2022) contend that leverage has a negative effect on audit report lag. Nurjanah et al., (2022) claim that profitability significantly affects audit report lag. Conversely, by Sastrawan & Latrini (2016) assert that profitability has a detrimental effect on audit report lag. Agustina & Jaeni (2022) propose that company age has a significant impact on audit report lag. However, Gaol & Sitohang (2020) argue that company age has a negative and insignificant effect on audit report lag.

**Ha:** Complexity of Company Operations, Leverage, Profitability, and Company Age influence *audit report lag*.

**Methods**

**Population and Sample**

This study centered on property and real estate firms that are listed on the IDX in 2017-2021. Samples were selected using a purposive sampling or judgment sampling approach, which is a method of taking elements that were chosen deliberately to ensure that the sample represents the population being measured in accordance with the required sample criteria. This is necessary to prevent errors in research sampling. To select the sample, several criteria were selected, including:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population: Property and real estate firms listed on the IDX in 2017-2021</td>
<td>91</td>
</tr>
<tr>
<td>Minus: Property and real estate firms that are not listed on the IDX in 2017-2021</td>
<td>39</td>
</tr>
<tr>
<td>Property and real estate firms that do not report their financial reports</td>
<td>6</td>
</tr>
<tr>
<td>Property and real estate firms that did not make consecutive profits for the 2017-2021</td>
<td>31</td>
</tr>
<tr>
<td>Number of sample</td>
<td>15</td>
</tr>
<tr>
<td>Year of observation</td>
<td>5</td>
</tr>
<tr>
<td>Number of samples</td>
<td>75</td>
</tr>
</tbody>
</table>

**Data collection technique**

The study collected data through a comprehensive literature review, which entailed examining articles, journals, and publications related to the research topic. Secondary data was sourced from the financial reports of companies operating in the property and real estate sector,
Data analysis method

Descriptive statistics

The study's variables are delineated through descriptive statistics. The analytical method entailed computing the minimum value, maximum value, mean, and standard deviation.

Multiple Linear Regression Analysis

Examining how independent variables affect the dependent variable is the goal of this research. Consequently, a model for multiple regression analysis is used. The following is the equation used in multiple linear regression:

\[ \text{ARL} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E \]

Coefficient of Determination (Adjusted R²)

The coefficient of determination, typically abbreviated as R², denotes the proportion of the variability in the dependent variable (in this instance, audit report lag) that can be elucidated by the independent variables (such as firm operational complexity, leverage, profitability, and firm age) incorporated in the regression model.

Partial Hypothesis Test (T Test)

In this study, a t test was employed to evaluate the impact and significance of each independent variable on the dependent variable. The significance level employed in this research is 5%, with the test criteria being:

1. When \( \text{sig.} < 0.05 \), then null hypothesis (\( H_0 \)) is rejected and the alternative hypothesis (\( H_a \)) is accepted.
2. When \( \text{sig.} > 0.05 \), then the null hypothesis (\( H_0 \)) is accepted and the alternative hypothesis (\( H_a \)) is rejected.

Model Feasibility Hypothesis Test (F Test)

In this research, model feasibility testing is used to evaluate the regression model. The testing criteria at the 5% significance level are:

1. When \( \text{sig.} < 0.05 \), then the regression model is considered feasible.
2. When \( \text{sig.} > 0.05 \), then the regression model is considered not feasible.

Results

Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>X_1</td>
<td>75</td>
<td>1.000000000000</td>
<td>5.916079783100</td>
<td>3.16380322800021</td>
<td>1.295919714559213</td>
</tr>
<tr>
<td>X_2</td>
<td>75</td>
<td>.043337226359</td>
<td>3.687806360235</td>
<td>.73979143255631</td>
<td>.646377921841561</td>
</tr>
<tr>
<td>X_3</td>
<td>75</td>
<td>.000139987754</td>
<td>.199722867486</td>
<td>.05670631007535</td>
<td>.044589360692834</td>
</tr>
<tr>
<td>X_4</td>
<td>75</td>
<td>2.000000000000</td>
<td>32.000000000000</td>
<td>18.000000000000</td>
<td>9.515000000000</td>
</tr>
<tr>
<td>ARL</td>
<td>75</td>
<td>41.000000000000</td>
<td>147.000000000000</td>
<td>80.210000000000</td>
<td>24.619000000000</td>
</tr>
</tbody>
</table>

Table 2 reveals that the audit report lag ranges from 41 to 147 days, with the minimum value of 41 days reported by PT Puradelta in 2020, and the maximum value of 147 days recorded by PT Perdana Gapuraprima in 2020. The average audit report lag of 80.21 days suggests that most
property and real estate companies comply with OJK regulations, which mandate the submission of audited financial statements within 90 days. Regarding operational complexity, measured by the number of subsidiaries, the range varies from 1.00 to 5.91, indicating companies with as few as 1 subsidiary to as many as 35 subsidiaries. Company leverage, assessed through Debt to Equity Ratio (DER), ranges from 0.04 to 3.68, with an average of 0.73, reflecting generally healthy financial conditions among property and real estate firms, although some exceed a DER of 1. Profitability, evaluated by Return on Assets (ROA), ranges from 0.00 to 0.19, with an average of 0.05, indicating that property and real estate companies generally do not incur losses. In terms of company age, the highest value observed was 32, while the lowest was 2, with an average age of 18.00 and a standard deviation of 9.51.

**Multiple Linear Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Q</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>91.195</td>
<td>7.969</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>X 1</td>
<td>-4.380</td>
<td>-231</td>
<td>-1.886</td>
</tr>
<tr>
<td></td>
<td>X 2</td>
<td>-2.417</td>
<td>-63</td>
<td>-2.417</td>
</tr>
<tr>
<td></td>
<td>X 3</td>
<td>-200.253</td>
<td>-2.832</td>
<td>.006</td>
</tr>
<tr>
<td></td>
<td>X 4</td>
<td>.890</td>
<td>.344</td>
<td>2.926</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ARL

Based on table 3, the constant value is recorded as 91.195. The regression coefficient for the company's operational complexity variable is -4.380, indicating a negative relationship. Similarly, the regression coefficient for the leverage variable is -2.417, also showing a negative relationship. Likewise, the regression coefficient for profitability is -200.253, demonstrating a negative correlation. Conversely, the regression coefficient for company age is 0.890, indicating a positive correlation. Based on the regression analysis, the equation can be formulated as follows:

\[ ARL = 91.195 - 4.380 X_1 - 2.417 X_2 - 200.253 X_3 \]

**Coefficient of Determination (Adjusted R²)**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.461 a</td>
<td>.215</td>
<td>.168</td>
<td>22.457</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X4, X3, X1, X2

The complexity of the company's operations, leverage, profitability, and age of the business account for about 16.8% of the variability in audit report lag, according to the adjusted R² value of 0.168, or 16.8%. Approximately 83.2% of the residual variability, however, can be attributed to additional variables that this model does not account for.

**Partial Hypothesis Test (T Test)**

The company operational complexity variable exhibits a t value that nearly reaches -1.886, with a probability significant level of about 0.063, according to the findings of the hypothesis test shown in table 3. This likelihood is more than the 0.05 significance level, which means there is not enough data to rule out the null hypothesis. Moreover, the beta coefficient (β) is approximately -0.231. Thus, it can be said that delays in audit reports are not significantly impacted by the company's operational issues. So, the alternative hypothesis (Ha₁) in this study is rejected.

The leverage variable hypothesis test yields a t-value of -0.511 and a probability significance level of approximately 0.611, which is greater than the predefined significance level. Moreover, leverage has a beta coefficient (β) of -0.063. Therefore, it can be concluded from these results that leverage has little effect on audit report latency. Thus, the alternative hypothesis (Ha₂) in this study is rejected.
The profitability variable's significance is tested using the data in table 3, and the results show that the profitability variable has a t-value of -2.832 at a probability significance level of 0.006, which is less than the predefined significance value of 0.05. Furthermore, -0.363 is the beta coefficient (β). Thus, it can be concluded that profitability does affect audit report latency based on the hypothesis test results. Thus, the alternative hypothesis (Hₐ₃) in this study is accepted.

According to table 3, the company age variable's hypothesis test produces a t-value of 2.926 with a significant probability of 0.005, which is less than the 0.05 cutoff. The value of the beta coefficient (β) is 0.344. Consequently, it follows that audit report latency is highly influenced by the age of the organization. Thus, the alternative hypothesis (Hₐ₄) in this study is accepted.

### Model Feasibility Hypothesis Test (F Test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>9549.507</td>
<td>4</td>
<td>2387.377</td>
<td>4.734</td>
<td>.002 b</td>
</tr>
<tr>
<td>Residual</td>
<td>35303.079</td>
<td>70</td>
<td>504,330</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>44852.587</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the information provided in Table 5, the results of the F-test reveal a computed F-value of 4.734, which exceeds the table F-value of 2.50. Additionally, the significance value is 0.002, which is lower than the significance level (α) of 0.005. Hence, it can be inferred that the independent variables, including the complexity of company operations, leverage, profitability, and company age, collectively have a significant impact on the dependent variable, audit report lag. Therefore, the regression model utilized in this study can be deemed appropriate or valid. So Hₐ₅ in this research is accepted.

### Discussion

#### The Influence of Company Operational Complexity on Audit Report Lag

The research concludes that there is no significant effect of the complexity of a company's operations on audit report lag. Therefore, companies with many branches usually choose KAPs with high-level staff to ensure the audit process runs smoothly and efficiently. Auditors can answer this challenge by making thorough preparations at the start of the audit and having a regular schedule to minimize audit time. In general, companies with complex operations are usually equipped with an effective internal control system, which in the end can reduce audit risk (Balqis & NR, 2023).

The findings of this study align with the research conducted by Balqis & NR (2023) which revealed that the complexity of company operations has no effect on audit report lag.

#### The Effect of Leverage on Audit Report Lag

The findings of the study indicate that leverage does not significantly impact the delay of audit reports. Nonetheless, companies with high leverage might experience heightened pressure from stakeholders like creditors and investors. Hence, it remains crucial for firms to promptly and effectively furnish precise and transparent information to all pertinent parties (Sudjono & Setiawan, 2022). The findings of this study are consistent with the research conducted by Sudjono & Setiawan (2022) which revealed that leverage has a negative effect on audit report lag.

#### The Influence of Profitability on Audit Report Lag

The findings of this research indicate that profitability does indeed influence audit report lag. This aligns with signal theory, which suggests that profitability acts as a positive signal for the company. Consequently, companies that are profitable are more likely to promptly submit their
audited financial statements, whereas those experiencing losses may encounter delays in audit report lag. The results of this study are consistent with the research conducted by Nurjanah et., (2022) which revealed that profitability has a significant influence on audit report lag.

The Influence of Company Age on Audit Report Lag

The findings of this research reveal that company age does influence audit report lag. This suggests a trend where older companies tend to experience shorter periods of audit report lag (Sudjono & Setiawan, 2022) companies with a larger company age tend to have more experience regarding audit report lag when compared to newly established companies. The findings of this study align with the research conducted by Agustina & Jaeni (2022) which revealed that company age has a significant effect on audit report lag.

Conclusion

Diverse perspectives from previous studies served as the driving force behind this research. The aim was to attain a more comprehensive understanding of how variables such as firm operational complexity, leverage, profitability, and age influence audit report lag among property and real estate companies listed on the Indonesia Stock Exchange (BEI) from 2017 to 2021. The findings indicate that audit report lag is primarily influenced by operational complexity within the organization rather than leverage. However, both the age and profitability of the organization significantly contribute to audit report lag.

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