



## Determinant of Audit Report Lag Among Mining Companies in Indonesia

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### Abstract

Time period in completing the audit work until the date of publishing audit report is called audit report lag. BAPEPAM requires each of going-public companies to publish their annual reports not later than three months after the fiscal year ends. The aim of this research was to determine the effect of profitability, solvency, company size, audit opinion, and size of public accounting firm on audit report lag at mining companies listed on Indonesia Stock Exchange during the period of 2013-2017. As many as 12 samples were obtained through purposive sampling technique. The data analysis technique used was the multiple regression analysis. The results showed that the profitability and company size negatively affected the audit report lag, while the other variables, such as solvency, audit opinion, and size of public accounting firm, had no significant effect on the audit report. The result of simultaneous test showed that all independent variables influenced audit report lag with 32.8% of determination coefficient.

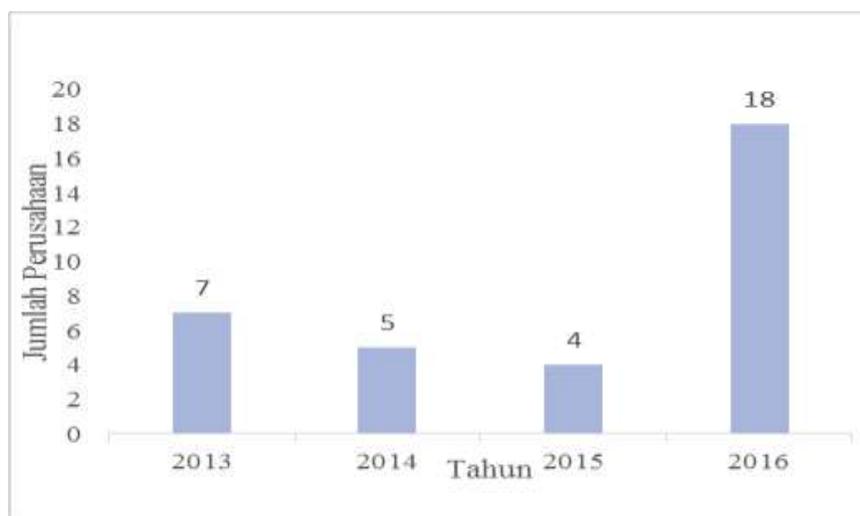
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### Introduction

Based on the Regulation of Capital Market and Financial Institutions Supervisory Agency, or Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM-LK), No. XK2 regarding the decision to submit periodic financial statements of issuers or public companies, it is obligatory for public companies listed on the capital market to submit annual financial statements accompanied by independent auditor's reports at the end of the third month after the date of annual financial statement. If at the end of the third month after the date of the annual financial statements, the company does not submit an annual financial report, the company will receive a gradual sanctions up to the suspension of trading of the company's shares in accordance with the regulations of the Board of Directors of PT Jakarta Stock Exchange Number: Kep-307/BEJ/07-2004.

The regulation has not made all companies listed on the IDX able to submit financial statements in a timely manner. Based on data obtained from the IDX, in 2013 there were 7 companies that were late in submitting their financial statements, although the number was slightly reduced in 2014 and 2015, as many as 5 companies in 2014 and 4 companies in 2015. However, that number increased significantly again in 2016 with 18 companies. Then in 2017, there were 17 companies suspended by the IDX for being late in submitting audited financial

statements as of December 31 (Hanasari, 2017) and in 2017, the IDX suspended 10 companies for the same reason (Roy Franedy, CNBC Indonesia 2018). This can be seen from the following figure:



Source: Data processed by IDX, 2018

**Figure 1.** Number of Suspended Companies

Companies that were suspended by the Indonesia Stock Exchange from 2012-2015 were dominated by companies engaged in mining. This is shown in the table below:

**Table 1.** Type of Company Suspended by IDX

Type of Company	Year				Total
	2013	2014	2015	2016	
Service	2	2	1	6	11
Manufacturing	2	2	1	3	8
<b>Mining</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>14</b>
Property industry	0	0	0	1	1
<b>Total</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>18</b>	<b>34</b>

Source: Data processed by IDX, 2018

The increase of companies suspended by the IDX, particularly mining companies whose consistency is suspended, indicates the importance of timeliness in the delivery of financial statements. According to Lianto & Kusuma (2010), one of the factors that caused the delay in the submission or publication of financial statements is the audit report lag (ARL).

ARL defined as the period between the end of the company's fiscal year and the date of the audit report, and it is one of several audit output variables that can be observed externally that allows outsiders to measure audit efficiency (Bamber, E.M, 1993). The audit report contains the auditor's opinion on the credibility of the financial statements, so investors generally prefer the earlier ARL because the earlier they accept the audit opinion, the more likely they are able to adjust their investment preferences (Habib & Bhuiyan, 2011)

ARL of a company is influenced by various factors, both internal and external factors. According to research conducted by Lianto & Kusuma (2010), one of the internal factors of a company that affects ARL is profitability. This is because companies that report high

profitability tend to expect audited financial statements to be completed as soon as possible due to demands for immediate submission to the public so that ARL will be shorter (Ashton, Graul, & Newton, 1989; Bamber et al., 1993; Carslaw & Kaplan, 1991; Courtis, 1976; Schwartz & Soo, 1996).

Other internal factors that affect ARL, according to (Divianto, 2009), are solvency factors. This is because the high level of solvency illustrates the failure of the company, so usually the company will try to reduce the debt to total ratio as low as possible, so that the publication of its financial statements will reverse and gain time, thereby increasing ARL. In addition to internal factors such as solvency, internal factors such as company size also affect ARL (Hidayah, 2018). The larger the size of the company is, the shorter the audit delay becomes. Large-scale company management generally has a good internal control system so that it can reduce errors in the presentation of financial statements and facilitate auditors in conducting the audit process, thus reducing ARL (Habib & Bhuiyan, 2011; Artaningrum, Budiarta, & Wirakusuma, 2017).

Muharly (2011), in a study of ARL, revealed that internal factors namely audit opinion also influenced ARL. Companies that receive qualified audit opinions, disclaimer opinions, and adverse opinions will experience a longer ARL, because the process of providing such opinions involves negotiations with clients, and consultation with more senior audit partners. In addition to these external factors, there are other external factors that influence ARL. According to Darwin (2012), external factor that can influence ARL is the size of the public accounting firm (KAP). Companies that are audited by a reputable KAP, which is a KAP that falls into the big four category, will tend to have shorter ARLs because large KAPs have a large and more competent auditor staff.

This study examines several internal and external factors that influence ARL, namely, profitability, solvency, audit opinion, company size, and the size of the public accounting firm, to see the effect and type of influence on Mining Companies on the Indonesia Stock Exchange (IDX) in 2013 to 2017.

## **Literature Review**

### **Timeliness of Submission of Financial Statements**

According to PSAK No. 1 (Revised 2013), the purpose of the financial statements is to provide information about the financial position, financial performance, and cash flow of the entity that is beneficial for most users of financial statements in making economic decisions. Information in financial statements can be useful in making economic decisions if the information is delivered on time before the user loses the opportunity or ability to influence the economic decisions to be taken.

Timeliness means the availability of information for decision makers at the right time so that it can influence their decisions. In general, the older the information is, the less useful it becomes (Conceptual Framework for Financial Reporting, 2018). Timeliness does not guarantee relevance, but the relevance of information is not possible without timeliness. Information about the condition and position of the company must be timely to the users of financial statements (Midansih & Wibowo, 2019).

In the regulation of Badan Pengawas Pasar Modal (BAPEPAM) No: Kep-346 / BL / 2011 concerning submission of periodic financial statements of issuers or public companies to provide fast and relevant information for users of an issuer's financial statements, BAPEPAM obliges all companies registered in the capital market to submit annual financial statements in a timely manner and accompanied by an independent auditor's report and submitted to BAPEPAM not later than the end of the third month (90 days) after the date of the financial statements.

If the submission of the annual financial statements of a public company is delayed according to the date specified, then the public company will be subject to sanctions based on BAPEPAM Regulation No: I.H Combined Decree of the Directors of PT. Jakarta Stock Exchange Number: 307/BEJ/07-2004 regarding sanctions, stating that listed companies that violate the Stock Exchange regulations are subject to sanctions by the Stock Exchange with the provisions:

- 1) First written warning, for 30-day delayed report from the date the report was submitted.
- 2) Second written warning and a penalty of Rp 50.000.000, - if from the 31st calendar day to the 60th calendar day the company has not submitted the financial statements in accordance with the provisions.
- 3) Final written warning and a penalty of Rp150.000.000, if from the 61st calendar day to the 91st calendar day since the deadline for submission of the financial statements, the company has not fulfilled its financial statement submission obligations.
- 4) The temporary suspension of a company's securities trading that is listed on the Exchange, if on the 91st calendar day the company has not fulfilled the obligation to submit financial statements on the Stock Exchange.

### **Audit Report Lag**

According to the Financial Accounting Standards No. 1 (2013) paragraph 43, it is explained that:

"If there are undue delays in reporting, the information produced will lose relevance. Management may need to balance the relative benefits between timely reporting and reliable information provisions. To provide timely information, it is often necessary to report before all aspects of a transaction or other event are known, thereby reducing the reliability of information. Conversely, if reporting is delayed until all aspects are known, the information produced may be very reliable but is of little use to decision makers. In trying to strike a balance between relevance and reliability, the needs of decision makers are a decisive consideration."

Statement of Financial Accounting Standards (PSAK) No. 1 paragraph 38 (2007) also states that the benefits of a financial statement will be reduced if the report is not available on time. A company should issue its audited financial statements not later than 3 months after the date of the annual financial statements.

Based on the above explanations, it is revealed that the timeliness of the issuance of audited financial statements is important in increasing the benefits of the information contained in the financial statements, but the timeliness is strongly influenced by the audit process before the financial statements are published so that users get adequate confidence for the information they receives. This gives rise to a term called audit report lag.

Wah Lai and Cheuk in Gunarsa & Putri, 2017 stated that the definition of audit report lag is a period from a company's year end to the audit report date. Ashton et al. (1989) also stated that audit report lag is the length of time for audit completion as measured from the closing date of the financial year to the date the audit report was issued.

Based on these definitions, it is clear that the audit report lag is the timeframe for completing the annual audit of the financial statements, measured by the length of days from the close of the book, which is December 31 until the date stated in the independent auditor's report, when the independent auditor leaves the audit work. Audit Report Lag can be systematically determined by the formula:

$$\text{Audit Report Lag} = \text{Tanggal Laporan Audit} - \text{Tanggal Laporan Keuangan}$$

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

Profitability describes the profit or success of a company's operations in a certain time period (Aryandra & Mauliza, 2018). Based on research conducted by Latrini (2016), which shows that profitability has a negative effect on audit report lag, there is an indication that companies that get large profits tend to conduct audit processes in a shorter time than companies that experience small profits do. This is because companies that make large profits do not have a reason to postpone the issuance of audited financial statements and even tend to accelerate the issuance of audited financial statements, because companies that experience greater profits will attract potential investors to buy shares that will cause an increase in share prices. Conversely, if the company makes a small profit, it will try to slow down the issuance of audited financial statements.

This is in line with research conducted by Hidayah et al. (2018), which shows that profitability has a negative effect on audit report lag. If companies get higher profits, the audit report lag will be shorter. Profit is seen as a signal and good news and gives a positive impression on the performance of management so that companies tend to submit financial statements more quickly than companies that announce losses. Based on the description above, the hypothesis is proposed as follows:

H1: Profitability has an effect on audit report lag

### **The Influence of Solvability on Audit Report Lag**

Solvency is a ratio used to measure the degree to which a company's assets have been financed by the use of debt (Weston & Copeland dalam Siahaan, Suhadak, Handayani, & Solimun, 2014). Research conducted by Permatasari & Widuri (2013) showed that solvency affected audit report lag. This finding indicates that the high amount of debt owned by the company will lead to a longer audit process. The high proportion of debt to total assets might also make auditors need to increase caution and more carefully audit in relation to the company's going concern.

Research conducted by Iskandar & Trisnawati (2010) also showed a similar thing in which a high level of solvency illustrated the failure of the company and increased the auditor's focus that the financial statements are less reliable so that it indicated the company is in a state of financial difficulties. Companies with financial hardship are likely to occur because of poor management and debt auditing, which requires more time because it involves a lot of staff and is more complicated, thus extending the audit report lag. From this description, the following hypothesis is proposed:

H2: Solvency affects audit report lag.

### **The Influence of Firm Size on Audit Report Lag**

Company size is a value that indicates the size of the company (Artaningrum et al., 2017). According to Hidayah et al. (2018), company size had a significant negative effect on audit report lag, which means that the larger the size of the company is, the shorter the audit delay becomes. Large-scale company management generally has a good internal control system and is closely monitored by investors, capital supervisors, and the government that can reduce errors in

presenting financial statements and facilitate auditors in conducting the audit process. Therefore, large-scale companies tend to experience higher external pressure to announce audit reports earlier.

Divianto (2009) through her research also showed that company size had a significant influence on audit report lag. The greater the size of the company is, the audit report lag will be shorter, and vice versa, the smaller the size of the company is, the audit hassle lag will be longer. Based on the results of the research above, the following hypothesis is proposed:

H3: Firm size influences audit report lag

### **The Influence of Audit Opinion on Audit Report Lag**

Audit opinion has a negative effect on audit report lag (Andika, 2015). This is because the management of companies that get an opinion other than fair without exception tends to postpone the submission of financial statements to the public and negotiations with auditors are needed so that the audit report lag will be longer.

This is similar to the study conducted by Siwy (2012), which stated that audit opinions affected audit report lag. Companies that get unqualified opinions have shorter audit report lag because the company's financial statements are fairly presented in accordance with generally accepted accounting standards. Based on the description, the following hypothesis is proposed:

H4: Audit opinion influences audit report lag.

### **The Influence of Public Accounting Firm's Size on Audit Report Lag**

According to Evans & Rusmin (2017), the size of a public accounting firm influences the audit report lag. Companies audited by big four public accounting firms (KAP) have audit report lags shorter than companies audited by non-big-four KAP. This is because big four KAPs have human resources, technology, and facilities that can support the realization of good audit quality, impacting on shorter audit report lag.

Research conducted by Meckfessel & Sellers (2017) also showed that the size of a public accounting firm had a positive and significant effect on audit report lag. Companies that are audited by reputable KAPs, those that enter the big four, will tend to have shorter audit report lag because large KAPs have a large and more competent auditor staff. From the description of the results of the research, the hypothesis is proposed, as follows:

H5: The size of the public accounting firm influences the audit report lag.

## **Methods**

The population of this study was mining companies listed on the Indonesia Stock Exchange. Mining companies listed on the Indonesia Stock Exchange during the time period of 2013-2017 totaled 41 companies. The sample selection in this study was carried out using the purposive sampling method, which is a method to determine the sample based on certain criteria. Research sampling criteria were: (1) Companies included in the mining company category (2) Companies that consistently issue annual financial statements in the sample year (3) Financial statements in the sample year that have been audited by an independent auditor (4) Financial statements using Indonesian Rupiahs (IDR) currency.

The data analysis method used was descriptive quantitative analysis describing the data obtained by using multiple regression analysis. Multiple regression analysis was employed to describe the phenomena or characteristics of the data, by providing a description of the influence

of factors affecting audit report lag. The data analysis method was carried out with the help of the SPSS21 computer application program.

Systematically, the multiple linear regression model can be formulated as follows:

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

which is:

Y = audit report lag

$\alpha$  = constanta

$\beta_1 \beta_2 \beta_3 \beta_4 \beta_5$  = reg coef

X<sub>1</sub> = profitability

X<sub>2</sub> = solvability

X<sub>3</sub> = firm size

X<sub>4</sub> = audit opinion

X<sub>5</sub> = KAP Size

E = error

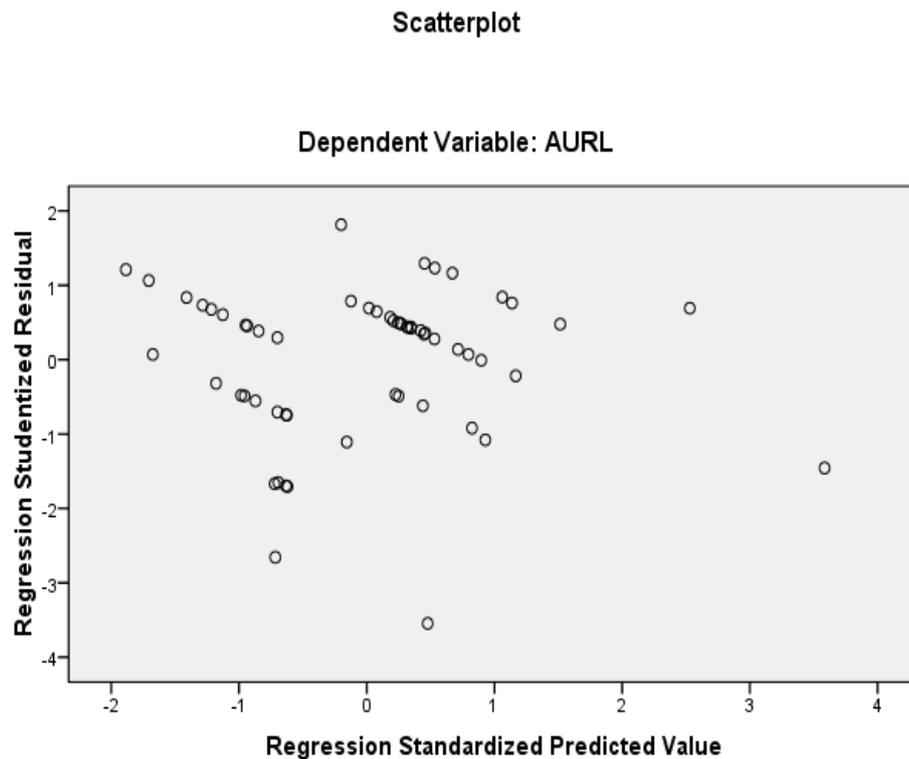
## Results and Discussions

Before conducting multiple linear regression tests, it is necessary to test the classical assumptions, namely heterokedasticity and multicollinearity, to ensure that the research model is a good model. With classical assumption test, we expected that the test results will not be biased and can be justified.

**Table 2.** Summary of Heteroscedasticity Test Results with the Glejser Test

Variable	Sig.	P-value	Notes
Profitability	0,565	0,05	No heteroscedasticity
Solvability	0,082	0,05	No heteroscedasticity
Firm size	0,441	0,05	No heteroscedasticity
Audit opinion	0,477	0,05	No heteroscedasticity
KAP size	0,532	0,05	No heteroscedasticity

Based on the table, it is known that the significance value of all independent variables was greater than 0.05. Thus, it can be concluded that there was no heteroskedasticity disturbance or in other words, homoskedasticity has occurred in the profitability variable as measured by Return on Assets (ROA), in solvency as measured by debt to total equity, in company size, audit opinion, and KAP size. The following is the results of heteroscedasticity testing using the scatterplot graph method:



**Figure 2.** Heteroscedasticity Test Results with Scatterplot Graph

Based on the scatterplot output above, it is seen that the points spread and did not form certain clear patterns, so it can be concluded that there was no interference with heteroscedasticity.

**Table 3.** Summary of Multicollinearity Test

<b>Variable</b>	<b>VIF</b>	<b>Tolerance</b>	<b>Notes</b>
Profitability	1,086	0,921	No multicollinearity
Solvency	1,181	0,846	No multicollinearity
Company size	1,721	0,581	No multicollinearity
Audit opinion	1,09	0,918	No multicollinearity
KAP size	1,757	0,569	No multicollinearity

Based on the table above, the tolerance value of all variables was greater than 0.10 and the value of the variance inflation factor (VIF) of all variables was smaller than 10. Therefore, it can be concluded that there was no multicollinearity between the independent variables in the regression model.

The testing results of the coefficient of determination  $R^2$  showed the effect of independent variables, namely, profitability, solvency, company size, audit opinion, and KAP size, on the audit report lag dependent variable. From the test, the coefficient of determination obtained  $R^2$

value of 0,328. Thus, profitability, solvency, company size, audit opinion, and KAP size variables affected audit report lag by 32,8% while 67,2% of the company's audit report lag days were influenced by other factors not examined in this study.

**Table 4.** Summary of Determination Coefficient Test Results R2

Model	R Square	Adjust R Square
1	0,385	0,328

Meanwhile, the results of the regression analysis are as follows:

**Table 5.** Summary of Regression Model Test Results

Variable	Coefficient	t	Sig
Constants	15,396		
Profitability	-0,456	-0,372	0,003
Solvability	0,065	0,677	0,502
Firm Size	-0,328	-2,773	0,008
Audit Opinion	0,652	0,580	0,564
KAP Size	-0,123	-0,329	0,744

Based on the results of regression testing, a linear regression equation model can be made as follows:

$$Y = 15,396 - 0,456X_1 + 0,065X_2 - 0,328X_3 + 0,652X_4 - 0,123X_5 + e$$

The multiple linear regression equation model can be interpreted as follows:

1. The value of the constant positive value was 15.396. This shows that if the profitability, solvency, company size, audit opinion, and KAP size are equal to 0 (zero), the company's audit report lag will increase by 15.396 days or 15 days.
2. Profitability as measured by ROA had a regression coefficient of -0,456. This shows that if other independent variables are considered constant, a 1 percent increase in profitability will result in a decrease in audit report lag of 45,6%
3. The solvency regression coefficient measured by debt to total equity was 0,065. This shows that if other independent variables are considered to be still eating, then a 1 percent increase in solvency will also cause an increase in audit report lag of 6,5%.
4. The company size regression coefficient of -0,332 indicates that if other independent variables remain constant, then a 1 percent increase in company assets will result in a decrease in audit report lag of 32,8%.

5. Audit opinion regression coefficient of 0,652 indicates that each increase in the audit opinion variable by 1 percent will be followed by an increase in the audit report lag variable by 65,2% with the assumption that other variables are fixed.
6. KAP size regression coefficient of -0,123 indicates that every increase in the KAP size variable by 1 percent will cause a decrease in audit report lag of 12,3% with the assumption that other variables are fixed.

### Partial T-Test Results

T-test results in this study are as follows:

**Table 6.** Summary of T-test Result

Variable	t-count	t-table	p-value
Profitability	-3,072	1,673	0,003
Solvability	0,677	1,673	0,502
Firm size	-2,773	1,673	0,008
Audit opinion	0,58	1,673	0,564
KAP size	-0,329	1,673	0,744

The results of the t-test in table 6 shows that the significance value of the t test for profitability variables was smaller than 0.05, with t-count smaller than t-table. It means that profitability had a negative effect on audit report lag. It means that companies that have large profitability tend to do a shorter audit process than companies that firm with smaller profitability do. This is consistent with the theory developed that the size of the level of profitability as a measurement of management performance affects the desire of management to report performance. The high level of profitability from year to year will give a positive signal about the company's performance, so that management's desire to report its performance to the public is also increasing and audit report lag is getting shorter too. High company profitability can be an attraction for investors to buy shares from the company, so that it will cause an increase in the share price of the company. This is also related to agency theory, where the owner (principal) is motivated to enter into a contract to prosper himself with ever-increasing profitability, while the manager (agent) is motivated to maximize the fulfillment of his economy and psychology, among others, in terms of obtaining investment. This shows that profitability is good news for both parties, so there is no reason for the company to delay the time of submitting its audited financial statements to the public. Thus, the company's audit report lag period will be shorter.

The opposite is true for companies that have low profitability and even suffer losses. Low profitability shows poor management performance, thereby reducing management's interest to report their poor performance to the public because it can also impact on the decline in interest of potential investors. In addition, the auditor assigned to the audit will tend to be careful in taking audit procedures so as to ascertain the cause of the loss value or the decreased profitability, whether it is caused by financial failure or management fraud. This will also have an impact on the longer audit report lag.

The results of this study are reinforced by research by Hidayah (2018), which stated that profitability had a negative effect on audit report lag. This is because earnings are seen as a signal and good news and gives a positive impression on management performance so that

companies tend to submit their financial statements faster than companies that announce losses do. Research conducted by Farkhan (2015) also stated that profitability had a negative effect on audit report lag, where companies tended not to delay the publication of good news such as high profits, and vice versa, companies tended to postpone the time of publication of bad news such as losses. The auditor will be careful during the audit process in responding to company losses, whether the loss is caused by financial failure or management fraud, so the auditor will need more time to audit the financial statements if the company suffers losses.

Company size had a negative effect on audit report lag, but the effect was significant only at 10% confidence interval. It means that if the size of the company is larger, the audit report lag is shorter. The results of this study are in accordance with the theory developed that company size is a function of the speed of financial statements because if the size of the company is larger, the company will submit financial statements in a timely manner (Siwy, 2012). Large companies will tend to be highlighted by the public compared to smaller companies. Therefore, large companies will tend to maintain their interests by maintaining the company's image. The steps taken are to provide strict regulatory and supervisory management. These regulations and supervision enable the creation of work pressure from superiors to subordinates to improve company performance, including to improve the company's internal control. Good internal control will have an impact on reducing misstatement of financial statements, and allowing auditors to more easily complete their work. In addition, companies with large amounts of assets have the potential for greater sources of funds to pay audit fees in order to get better audit services. All of these things will have an impact on the shorter audit report lag of the company.

The results of this study are strengthened by research conducted by Hidayah (2018), which stated that company size had a negative effect on audit report lag. This is because large-scale company management has a good internal control system and is closely monitored by investors, capital supervisors, and the government that can reduce errors in the presentation of financial statements and facilitate the auditor in carrying out his work. Research conducted by Andika (2015) also stated that company size had a negative effect on audit report lag. This is because large-scale company management tends to be given incentives to reduce audit report lag because the company is closely monitored by investors, capital supervisors, and the government. The results of this study are in line with research conducted by Farkhan (2015), which stated that company size had a negative effect on audit report lag. This is because the size of the company is seen as a function of the speed of financial reporting. If the company is large company, the company will report the results of financial statements that have been audited faster because the company has many sources of information and has a good corporate internal control system so as to reduce the level of error in the preparation financial statements that make it easier for auditors to audit financial statements.

### The Result of F-test

F-test results in this study are as follows:

**Table 7.** Summary of F-Test Result

<b>Var</b>	<b>F-count</b>	<b>F-table</b>	<b>p-value</b>
Profitability, Solvability, firm size, audit opinion, KAP size	6,764	2,38	0,000

Based on the calculation above, the calculated F value of 6.764 was greater than the value of the F table ( $6.764 > 2.38$ ). In addition, the SPSS output results showed a significance value of 0.000 that was smaller than 0.05. Thus, it can be concluded that profitability, solvency, company size, audit opinion, and KAP size simultaneously affected audit report lag.

## Conslusions

The purpose of the study is to determine the effect of several internal and external factors of the company on audit report lag. Some internal factors include profitability, solvency, and company size while external factors include audit opinion and KAP size. Based on the results of research conducted, it is known that partially, the profitability variable has a negative effect on audit report lag of mining companies, solvency does not affect the audit report lag of mining companies, company size has a negative effect on audit report lag of mining companies, audit opinion has no effect on audit report lag of mining companies, and KAP size does not affect the audit report lag of mining companies. Meanwhile, profitability, solvency, company size, audit opinion, and KAP size variables simultaneously affect the audit report lag of mining companies.

The implications of this research can be used as managerial considerations in making policies that can reduce audit report lag. By knowing that the profitability and size of the company have a big influence on the sustainability of the company, including influence on the audit report lag, the company must always maintain and increase the profitability and size of the company. However, companies also need to be aware of delays in the publication of audited financial statements that can also provide sanctions for companies. Sanctions will have an impact on the bad image of the company and will reduce investor interest in the company as well.

In addition, Badan Pengawas Pasar Modal (BAPEPAM) should have tightened regulations regarding the submission of financial statements because the delay in submission of financial statements would have an adverse impact on investors and other users of financial statements.

## Limitations

This research has limitations, including the use of research samples that were focused on mining companies so that the generalization ability is still lacking. Furthermore, this study was conducted using only secondary data sourced from the financial statements of mining companies, so it is hoped that further researchers can conduct in-depth research on certain companies using primary data where researchers can directly know the factors that influence audit report lag through interviews or direct observations with the company, so that other internal company factors can be identified.

In addition, the test of the coefficient of determination obtained  $R^2$  value of 0.328. Thus, profitability, solvency, company size, audit opinion, and KAP size variables affect audit report lag by 32.8%, while 67.2% of the company's audit report lag days are influenced by other factors that are not examined in this study. For future research, it is suggested to develop other variables that might influence audit report lag, such as management change, auditor change, company type, audit fee, liquidity, and other variables not yet mentioned.

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