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Analysis of the Impact of KAP Reputation, Profitability, Institutional Ownership, and Audit Committee on Audit Report LAG

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Abstract: This study aims to investigate the impact of public accounting firm (KAP) reputation, profitability, institutional ownership, and the existence of audit committees on audit report lag in publicly listed businesses within the primary consumer goods sector on the Indonesia Stock Exchange. This study adopts a quantitative research methodology, utilizing multiple linear regression analysis and gathering data through documentary research. The study population comprises 131 enterprises, from which a purposive sampling technique was employed to choose 87 sample entities. The data processing and analysis included descriptive statistics, diagnostic evaluation of classical assumptions, multiple linear regression modeling, determination of the coefficient of determination, and hypothesis testing. The empirical findings indicate that the reputation of the KAP, profitability, institutional ownership, and the audit committee have a statistically significant negative impact on audit report latency. The modified R-squared value of 0.252 signifies that around 25.2% of the variance in audit report latency is explained by the independent variables, while the remaining 74.8% is due to external factors not considered in this study. The author recommends that future research consider the addition of moderating or intervening variables, such as audit quality, company size, or operational complexity, to obtain more comprehensive results.

Keywords: Auditor Reputation, Profitability, Institutional Ownership, Audit Committee, Audit Report Lag.

INTRODUCTION

Companies operating in the primary consumer sector often have a complex and extensive supply chain and distribution system that extends (covering a wide geographic area, including remote locations in Indonesia) and significant inventory variations. The audit process on these aspects can take longer. Businesses in the basic consumer goods sector typically involve a high volume of buying and selling transactions that require a more thorough examination by the auditor. The quality and efficiency of the company's internal control system significantly impact the audit duration. If internal control is weak, the auditor must conduct more in-depth and extensive testing, which will extend the audit time. The completeness, accuracy, and

timeliness of the company's financial information presentation are crucial. Inadequate information systems or slow data collection processes can delay the completion of the audit. This sector faces unique accounting challenges related to revenue recognition (particularly about promotions and discounts), inventory valuation (including perishable or expired goods), and marketing and distribution costs. The availability of qualified and independent auditors is also critical. If the public accounting firm (KAP) has a high burden or has difficulty maintaining independence, the audit process can be delayed. Changes in regulations or more complex reporting requirements can increase the workload for auditors and companies, potentially extending the period.

Investors of the main consumer products sector are especially focused on the financial performance of companies, as this sector is often viewed as a reflection of economic stability. Delays in the delivery of financial reports can raise concerns. This sector generally faces very tight competition. Data and information on financials must be presented promptly, as investors must compare performance between companies and make informed investment decisions. Late financial information can prevent companies from responding to market dynamics or supply chain challenges in a timely manner. The end-of-period interval for the issuance of financial reports and audit reports by *external auditors*, more commonly referred to as the *audit report lag*, becomes an essential indicator of the timeliness of financial information disclosure. The longer the information lags, the longer the uncertainty will increase for stakeholders. Long lags hinder the provision of relevant and reliable information for investors, analysts, and creditors. This can impede the making of appropriate and efficient investment decisions.

Delays in issuing audit reports can create information gaps between insiders (managers) and outsiders (investors). Managers obtain earlier information that they can use. Longer audit report lags can be associated with greater stock price fluctuations and even price declines after the release of financial statements. This indicates uncertainty and risk perceived by investors. Companies that consistently have audit reports with lags *for long* periods can be considered less compliant with capital market regulations and potentially damage the Company's reputation among investors and supervisors. For an efficient capital market, information must be available in a timely and relevant manner. Significant time lags in audit reports can hinder market efficiency in reflecting the actual value of assets.

The reputation of a public accounting firm is the public's and stakeholders' perception of the quality, reliability, and integrity of the audit services provided by a PAF. A good reputation is built through consistency in delivering high-quality audits, adhering to professional and ethical standards, and independence in carrying out assignments. Larger KAPs, especially those incorporated in the *Big Four, which* is a group of four large audit firms such as Deloitte, Ernst & Young, KPMG, and PwC, are often considered to have a better reputation due to their experience, resources, and global network. KAPs that have established a good reputation are typically accompanied by audit teams that are more experienced, well-trained, and have a deep understanding of the primary consumer goods industry. The professionalism established by the Company, along with its existing image, already known to the public, especially among large companies, enables them to conduct audits more efficiently and accurately. By conducting an audit by a reputable KAP on a Company or organisation, the audited Company tends to be more cooperative and responsive to the auditor's information requests, as the auditor recognises the importance of a quality and timely audit.

Profitability represents a company's capacity to produce profits through its resources, which encompass assets, capital, and sales. Profitability ratios assess a company's capacity to effectively generate profits from its sales, assets, or equity transactions. Companies that generate high profits do not typically face the issue of immediately releasing their financial statements. Companies tend to focus more on operational aspects or other strategies and believe that delays in audits will not hurt investor perceptions. Highly profitable companies engage in

complex financial transactions, so the audit process takes longer because auditors must conduct a more thorough investigation to ensure accuracy and completeness.

On the other hand, companies with low profitability often attempt to delay the issuance of financial statements to improve the report's appearance or find ways to describe their performance better, which can result in delays or require a longer audit process. Companies with poor financial performance experience resource constraints, including a lack of skilled accounting staff, which can slow down the audit process of financial statements. Low profitability can be an indication of economic problems or even financial difficulties. This condition can increase the risk in the eyes of the auditor, so the auditor needs additional time to carry out more thorough and careful audit procedures.

The number or proportion of shares in a company controlled by institutional investors shows institutional ownership rights. These institutional investors are large organisations that manage funds on behalf of other parties, such as pension funds, insurance companies, investment companies, foundations, endowments, banks, and other financial institutions. Active institutional investors can offer tighter oversight of company management, including in the preparation of financial statements. The incentive to present appropriate and accurate financial statements can increase, motivating managers and auditors to operate more efficiently.

Institutional investors typically require timely financial information to make investment decisions. Institutional investors can encourage companies and auditors to expedite the audit process, allowing data to be available more quickly. Strong institutional investors are often associated with stable corporate governance practices, which also results in better audit committees. Better communication between managers and auditors, as well as smooth audit processes, are also indicators of a more effective audit committee. Experienced institutional investors have a deeper understanding of the audit process and can help companies prepare the necessary information.

The audit committee is intended as a body whose formation is carried out by the board of commissioners to support the implementation of tasks and support the supervisory function of the board of commissioners, especially all matters that are related and connected to financial reports, risk management, internal and external audits, and compliance with applicable regulations. The audit committee carries out its duties independently. Accountability for their work directly to the board of commissioners. A lack of expertise and experience among audit committee members in accounting and auditing can hinder the evaluation of financial statements and interaction with auditors, thereby prolonging *the audit report lag*. The audit committee must be *independent*, meaning that it is not part of the company's management; otherwise, its ability to supervise and provide neutral advice may be compromised. This condition can affect the quality of the audit process and delay its completion. The frequency and quality of audit committee meetings also have a significant impact.

Audit committees that are less active in discussing audit findings and correcting accounting problems cause delays in the audit process. Audit committees that are too small may lack the resources needed for effective oversight, while committees that are too large may create inefficiencies in decision-making. The degree of independent membership on an audit committee is often related to the audit *report lag*, which is shorter because independence is considered to support objectivity in supervision. Ineffective communication and coordination between the audit committee and external auditors will likely cause delays during the audit process, extending from the audit commencement to the issuance of the audit report. If the audit committee is ineffective in supervising the production of financial reports by management, errors or discrepancies that require more time to be addressed by the auditor will increase, which in turn prolongs the audit *report lag*.

Theoretical Framework and Hypothesis Development

Theoretical Framework

1. Compliance Theory

   According to (Harris et al., 2023), compliance theory explains that organizations tend to follow regulations because they recognize the legitimacy and authority inherent in those regulations in guiding their behaviour. In the realm of auditing, this means that auditors are expected to consistently comply with established audit standards as a form of professionalism and integrity in carrying out their duties. Non-compliance or delays in completing audit reports can raise doubts among users of financial statements regarding the quality and reliability of the information presented. Therefore, auditor compliance with audit standards not only reflects technical competence but also plays a vital role in maintaining the reputation and public trust in audit results.

   Compliance theory suggests that the level of professionalism auditors exhibit when carrying out audit procedures can influence audit reporting delays. By complying with applicable regulations and binding sanctions, auditors are expected to complete audits of financial statements efficiently, thereby minimising the lag in audit report issuance and achieving timeliness in issuing audit reports on financial statements.

2. Theory Signalling

   Ghozali (2023) explains that signalling theory focuses on the communication mechanisms carried out by companies or management to external parties, such as investors and other stakeholders. In this context, the signals sent can take various forms of information, some of which are easy to understand directly, while others require deeper analysis to capture their meaning properly. The essence of this theory is that these signals are designed to convey specific messages that are expected to influence the perception and assessment of external parties regarding the company's condition and prospects.

   The primary objective of signalling theory is to assert that individuals or groups within a company, particularly management, have access to more comprehensive and accurate information regarding the organization's financial condition, activities, and future outlook in relation to external stakeholders, including investors, creditors, regulators, and shareholders. Thus, companies have a significant information advantage, which enables them to control and direct the information they convey to the public. This is important because the existence of information asymmetry between internal and external parties can influence investment decisions and risk assessments made by stakeholders.

   In practice, the signals selected and delivered by management must contain information that is both strong and credible enough to influence the expectations and decisions of external parties effectively. Therefore, choosing the proper signal is a crucial strategy for establishing the company's trust and reputation in the eyes of the market, ensuring that the information delivered reduces uncertainty and increases transparency.

3. Audit Report Lag

   Adrea (2022) defines audit report lag as the interval, measured in days, between the conclusion of the financial reporting period and the issuance date of the audit report. The timely delivery of economic reports is crucial because it significantly influences stakeholders' investment decisions. If financial reports are not delivered promptly, the information received by stakeholders may be less accurate and potentially risky.

Hypothesis Development

1. The Impact of Public Accounting Firm (KAP) Reputation on Audit Report Lag

   (Rahmadhanni et al., 2024) explained that the reputation or image of a Public Accounting Firm (KAP) is a picture of the perception formed among the public and stakeholders regarding the quality, reliability, and integrity of the audit services provided

by the KAP. A positive perception of the KAP's reputation serves as a major driver in ensuring the audit process is conducted efficiently and punctually. Reputable KAPs typically expedite the submission of audit reports, hence hastening the company's financial reporting cycle.

Within the framework of compliance theory, KAP, with an excellent reputation, is usually supported by adequate resources, including highly competent professionals and the use of advanced audit technology. These factors enable KAPs, especially those belonging to the Big Four group, to carry out the audit process with a higher level of efficiency and effectiveness compared to other KAPs. Consistent adherence to strict audit quality standards motivates Big Four KAP to complete audits quickly without sacrificing the quality of audit results.

Furthermore, a strong reputation also reflects the KAP's commitment to maintaining high standards of professionalism and integrity, which in turn increases stakeholders' trust in the audited financial statements. Thus, the KAP's reputation serves not only as an indicator of the quality of audit services but also as a strategic factor that influences the speed and timeliness of audit completion, which is crucial in the context of transparency and accountability in financial reporting.

Rahmadhanni et al. (2024) assert that The credibility of a Public Accounting Firm (KAP) signifies the collective perception held by the public and stakeholders concerning the quality, dependability, and ethical standards of the audit services provided. A favorable reputation functions as a critical factor in promoting the efficient and timely execution of the audit process. Public Accounting Firms with strong reputations are generally able to shorten the audit report submission period, thereby expediting the overall financial reporting timeline of the company.

Within the framework of compliance theory, KAP, with an excellent reputation, is usually supported by adequate resources, including highly competent professionals and the use of advanced audit technology. These factors enable KAPs, especially those belonging to the Big Four group, to carry out the audit process with a higher level of efficiency and effectiveness compared to other KAPs. Consistent adherence to strict audit quality standards motivates KAP Big *Four to* complete audits efficiently without compromising the quality of audit results.

Furthermore, a strong reputation also reflects the KAP's commitment to maintaining high standards of professionalism and integrity, which in turn increases stakeholders' trust in the audited financial statements. Thus, the KAP's reputation serves not only as an indicator of the quality of audit services but also as a strategic factor that influences the speed and timeliness of audit completion, which is crucial in the context of transparency and accountability in financial reporting.

H_1: The reputation of the Public Accounting Firm (KAP) has a negative influence on audit report lag.

2. The Effect of Profitability on Audit Report Lag

Senduk et al. (2023) assert that profitability reflects a firm’s capacity to generate earnings through the efficient utilization of its resources, including assets, capital, and sales. Profitability ratios function as indicators to evaluate a company’s efficiency in generating returns relative to its sales, assets, or equity. Firms exhibiting a high Return on Assets (ROA) typically possess robust internal control systems and employ more accurate and reliable accounting procedures. Such conditions facilitate auditors in executing and finalizing the audit process with greater efficiency, thereby contributing to a reduction in audit report lag.

H_2: Profitability has a negative influence on audit report lag.

3. The Effect of Institutional Ownership on Audit Report Lag

According to (Krisnawati et al., 2024), institutional ownership refers to the percentage of a company's shares owned by institutional investors, such as pension funds or investment companies, which usually have a significant influence on corporate decision-making. Institutional investors typically require companies to comply with applicable accounting regulations and standards. According to compliance theory, the pressure exerted by institutional investors motivates management to conduct the audit process efficiently and to timely issue audit reports, thereby mitigating the risk of sanctions and preserving the confidence of institutional shareholders.

H_3: Institutional ownership has a negative influence on audit report lag

4. The Influence of the Audit Committee on Audit Report Lag

According to Ermawati et al. (2022), the audit committee is a body established by the board of commissioners with the principal aim of facilitating the company's supervisory functions. This committee's core responsibilities encompass overseeing the preparation of financial statements, managing risk, coordinating internal and external audits, and ensuring adherence to relevant regulatory requirements. The presence of an effective audit committee plays a vital role in enhancing the quality of oversight throughout the financial reporting process. With stricter and more structured supervision, management is encouraged to be more disciplined in implementing appropriate accounting principles and complying with relevant regulations. This increase in compliance level ultimately reduces the potential for errors or inaccuracies in financial statements, thereby speeding up and facilitating the overall audit process.

H_4: The audit committee has a negative influence on audit report lag.

Conceptual Framework

Figure 1 depicts the conceptual framework developed to illustrate the hypothesized relationships among the study variables:

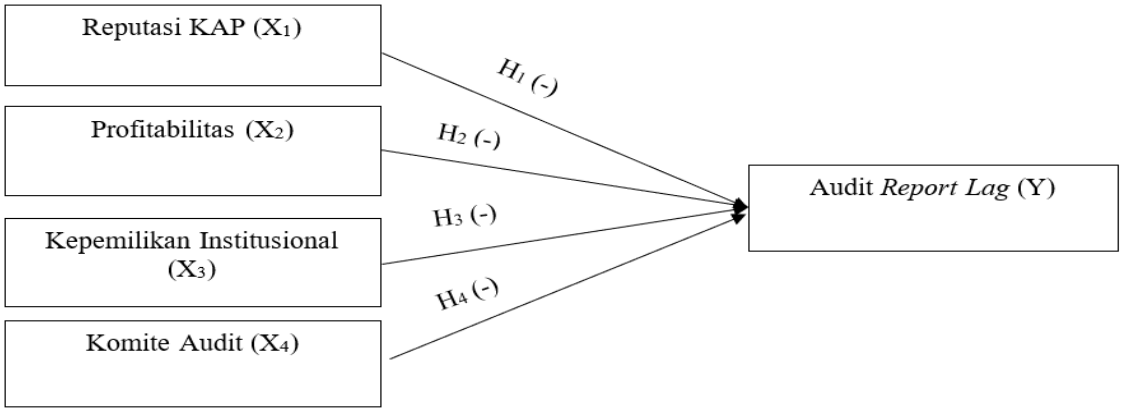


Figure 1. Research Model
Source: Literature Review, 2025

METHODS

This study employs an associative research design aimed at rigorously examining the relationships among the selected variables. The population of this study comprises 131 companies operating within the primary consumer sector and listed on the Indonesia Stock Exchange. To enhance the relevance and accuracy of the sample selection, a purposive sampling method was employed, based on predetermined criteria aligned with the research objectives, whereby sample selection was guided by specific, predefined criteria that are closely aligned with the study's research objectives. This methodological approach facilitates

the inclusion of only those entities that meet the essential characteristics required for a thorough and meaningful analysis, thereby enhancing the validity and reliability of the study's findings. From this process, a sample of 87 companies was obtained. The inclusion criteria used include companies that present complete financial reports and companies that have conducted an initial public offering before 2019. For data analysis, this study employs several methods, including descriptive statistics to describe data characteristics, classical assumption testing to ensure model validity, multiple linear regression analysis to examine the relationship between variables, and hypothesis testing to determine the significance of the independent variables' influence on the dependent variables.

Independent Variables

The independent variables included in this study are:

1. KAP Reputation
   (Rahmawati & Widati, 2024) stated that in this study, the reputation of the Public Accounting Firm (KAP) was operationalised using dummy variables. This variable differentiates companies based on the type of KAP they use in the audit process. Companies that use KAP services, which fall into the category *of the Big Four*, known for their high reputation and strict audit standards, are assigned a dummy value of 1. Conversely, the use of KAP services, which generally have a lower reputation among companies, is assigned a dummy value of 0. This approach enables researchers to quantify the influence of KAP reputation on the dependent variable in the analysis model used.
2. Profitability
   According to (Soleha, 2022) in this study profitability uses *return on assets*. As for the formula return *on asset* as follows:
   $$LENGTH = \frac{Net\ Profit\ After\ Tax}{Total\ Assets}$$
3. Institutional Ownership
   According to (Sipahutar et al., 2022) the institutional ownership formula is as follows:
   $$Institutional\ Ownership = \frac{Number\ of\ Institutional\ Shares}{Total\ Shares\ Outstanding}$$
4. Audit Committee
   According to Rosalia, et al., (2019: 49) the audit committee formula is as follows:
   Audit Committee = Number of Audit Committees

Dependent Variable

Menurut (Harris et al., 2023) hears formula *report lag* as follows:
Audit *Report Lag*= Audit Date – Book Closing Date

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics is a data analysis technique used to present a brief overview of the characteristics of data that has been collected systematically without making generalizations or inferences that apply to a broader population. This method focuses on organising and presenting data in a clear and easily understood form, making it easier for researchers to identify patterns, trends, and data distribution. In practice, descriptive statistical analysis involves calculating fundamental values , such as the minimum and maximum values, which indicate the range of data; the average value (mean) as a measure of central tendency; and standard deviation, which describes the level of variation or spread of data around the average value. Thus, descriptive statistics play a crucial role in providing an initial understanding of the

characteristics of research data, which serves as the basis for subsequent analysis steps. Below is Table 1, which is the result of descriptive statistical analysis:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
LONG	335	-1396.8627	3612.4426	6.654889	211.8222706
Institutional Ownership	335	.0000	.9957	.674015	.2151605
Audit Committee	335	1	5	3.06	.424
ARLG	335	29	272	91.62	29.767
Valid N (listwise)	335				

Source: SPSS Output Version 25, 2025

Table 1 presents a comprehensive summary of the descriptive statistics, detailing the fundamental attributes of the variables under investigation within companies operating in the primary consumer sector and listed on the Indonesia Stock Exchange during the period from 2019 to 2023. In profitability variable, the lowest value recorded was 1,396.8627, which came from PT Leyland International, Tbk. (LAPD) in 2021. Conversely, the highest value of profitability was also recorded by the same company in the following year, which was 3,612.4426. The average level of profitability during the observation period was 6.65 per cent, with a standard deviation of 211.82, indicating a significant variation between companies in their ability to generate profits. This variation highlights substantial differences in financial performance among companies in the sector during the study period.

Furthermore, the institutional ownership variable shows a minimum value of 0.0000 owned by PT Wismilak Inti Makmur, Tbk. (WIIM) in the period 2020 to 2023. The maximum value of institutional ownership was recorded at 0.9957 at PT Dua Putra Utama Makmur, Tbk. (DPUM) in 2023. The average institutional ownership during the study period was 0.6740, with a standard deviation of 0.2152, indicating that most of the company's shares are controlled by institutional investors. Still, there is a fairly wide variation in ownership between companies.

For the audit committee variable, the minimum value recorded was 1 at PT Wicaksana Overseas International, Tbk. (WICO) in 2022, while the highest threshold value reached 5 by PT Malindo Feedmill, Tbk. (MAIN) during the period 2019 to 2023. In companies in this sector, the average number of audit committee members was 3.06, with a standard deviation of 0.424, indicating that the audit committee generally consists of three to four committee members with relatively slight variations.

The audit report lag variable recorded the lowest value of 29 days, achieved by PT Unilever Indonesia, Tbk. (UNVR) in 2019, while the highest value was recorded at 272 days by PT Central Proteina Prima, Tbk. (CPRO) in 2020. The average audit report lag duration during the study period was 91.62 days with a standard deviation of 29.77 days, indicating a significant difference in audit report completion time between companies in the primary consumer sector.

Overall, the results of these descriptive statistics provide a comprehensive initial picture of the characteristics of the analysed data while also confirming the existence of significant variations in each variable studied in this study. The following istableBelow is the results information analysis statistics descriptive to the reputation of KAP:

Table 2. StatisticsDescriptive of KAP Reputation

KAP Reputation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	182	54.3	54.3	54.3
	1	153	45.7	45.7	100.0
	Total	335	100.0	100.0	

Source: SPSS Output Version 25, 2025

Results Analysis: In this study, the reputation of the Public Accounting Firm (KAP) is categorised as a nominal variable, operationalised through the use of dummy variables. This approach allows grouping companies based on the type of KAP they use in the audit process, namely distinguishing between KAPs that are members of the Big Four group and those outside the group. All data used have undergone a strict validation process to ensure their accuracy and reliability, making them suitable for further analysis in the context of this study.

Descriptive statistical analysis revealed that the majority of companies in the sample, as many as 182 entities or around 54.3 per cent, chose to use the services of non-Big Four KAPs. Conversely, as many as 153 companies or 45.7 per cent, used the services of KAPs included in the Big Four group. This distribution reflects significant variation in auditor selection preferences among primary consumer sector companies listed on the Indonesia Stock Exchange, indicating that not all companies rely on highly reputable KAPs in carrying out their audits.

The reputation of accounting firms, particularly those in the Big Four, is closely tied to their superior audit quality. This is due to the availability of greater resources, the implementation of strict quality control standards, and more in-depth professional experience compared to non-Big Four accounting firms. Previous studies support this finding by showing that companies audited by highly reputable accounting firms tend to receive more reliable and timely audit reports. This condition ultimately contributes to increasing the level of stakeholder trust in the financial information presented, which is very important in maintaining the transparency and accountability of companies in the capital market.

Thus, the reputation of the KAP not only functions as an indicator of audit quality but also plays a strategic role in shaping the perception and trust of investors and other stakeholders towards the company's financial statements. The variation in the selection of KAP reflected in this data also shows the existence of complex dynamics and considerations in the company's decision-making process regarding the auditor used.

However, it is essential to note that the existence of the KAP Big *Four does* not always guarantee perfect audit quality because other factors, such as audit firm culture, auditor competence, and audit complexity, also play a role. Influence audit results. Therefore, this study considers the reputation of the KAP as one of the essential variables analysed to assess its influence on the dependent variable in the research model.

Thus, understanding the distribution of KAP service use based on reputation provides a strong foundation for examining the relationship between auditor reputation and the quality of financial reporting in the Indonesian capital market, especially in the primary consumer sector.

Classical Assumption Test

The following are the results of the analysis of the classical assumption test presented in Table 3 below:

Table 3. Classical Assumption Test

Normality Test	
One Sample Kolmogorov Smirnov Test	0,200
Multicollinearity Test	
Tolerance Value X_1, X_2, X_3, X_4	0,897; 0,947; 0,915; 0,992

VIF X_1, X_2, X_3, X_4	1,115; 1,056; 1,092; 1,009
Heteroscedasticity Test X_1 = 0,906 X_2 = 0,287 X_3 = 0,146 X_4 = 0,852	
Autocorrelation Test Du<Dw<4-Du 1.825 < 1.931 < 2.175	
Coefficient of Determination 0.252 or 25.2%	

Source: Processed Data, 2025

Multiple Regression Analysis

Multiple linear regression analysis constitutes a rigorous statistical technique utilized to elucidate and quantify the linear associations between a single dependent variable and multiple independent variables simultaneously. This methodology enables researchers to systematically evaluate the collective influence of independent variables on the dependent variable within the context of the specified model. Furthermore, it permits the precise assessment of the individual contribution of each predictor variable, alongside the determination of the statistical significance of their respective effects, thereby providing a robust foundation for empirical inference.

Within the framework of this study, multiple linear regression analysis is applied to rigorously assess the relationships among the specified variables, with the objective of accurately estimating both the magnitude and direction of the independent variables' effects on the dependent variable. The comprehensive results of this analytical procedure are systematically compiled in Table 4, which includes regression coefficients, p-values, and other pertinent statistical indicators critical for the thorough interpretation and validation of the empirical findings.

The use of multiple linear regression analysis is essential in this study as it allows for the assessment of the simultaneous impact of several independent variables on the dependent variable, providing a robust framework for understanding the complex relationships within the data. In addition, this method also serves to control other variables that may influence the dependent variables, ensuring that the results obtained are more valid and reliable.

Through the application of multiple linear regression analysis, this study delivers an in-depth exploration of the interrelationships among the variables under investigation. Furthermore, it furnishes robust empirical evidence that substantiates the validity of the proposed hypotheses. The detailed outcomes of this analytical process are systematically presented in the subsequent table (Table 4).

Table 4. Multiple Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	156.246	12.906		12.107	.000
	KAP Reputation	-13.921	2.522	-.297	-5.521	.000
	LONG	-25.920	9.462	-.143	-2.739	.007
	Institutional Ownership	-29.658	6.604	-.239	-4.491	.000
	Audit Committee	-13.366	3.884	-.176	-3.442	.001

a. Dependent Variable: ARLG

Source: SPSS Output Version 25, 2025

Based on the data presented in Table 3, the estimated multiple regression equation is formulated as follows:

$Y = 156{,}246 - 13{,}921X_1 - 25{,}920X_2 - 29{,}658X_3 - 13{,}366X_4 +$ and

Information:
AND : Audit *Report Lag*
a : Constant
$b_{1,2,3,4,5}$: Regression coefficient of each independent variable
X_1 : KAP Reputation
X_2 : Profitability
X_3 : Institutional Ownership
X_4 : Audit Committee
eh : Standard *Error*

Table 4 represents the findings of the multiple linear regression analysis, which investigates the correlation between the independent variables—specifically, the reputation of the Public Accounting Firm (KAP), profitability, institutional ownership, and the audit committee—and the dependent variable, audit report lag. The principal conclusions obtained from the analysis are as follows:

1. The regression intercept (constant) is estimated at 156.246, indicating that in the absence of any influence from the independent variables, the expected audit report lag is approximately 156 days. This baseline value reflects the inherent delay in audit reporting independent of the studied factors.
2. The reputation of the KAP variable exhibits a negative regression coefficient of -13.921, implying that a one-unit increase in KAP reputation corresponds to an approximate reduction of 14 days in audit report lag, holding other variables constant. This finding suggests that a stronger KAP reputation is associated with accelerated audit report completion, potentially attributable to stricter adherence to professional standards and enhanced audit quality provided by reputable firms.
3. Profitability shown a substantial negative impact on audit report latency, indicated by a value of -25.920. This signifies that a one-unit augmentation in profitability leads to a reduction of about 26 days in the audit report lag, all else being equal. This can be attributed to the propensity of highly profitable corporations to uphold more efficient internal control systems and accounting procedures, thereby enabling prompt audit completion.
4. The institutional ownership variable has a negative coefficient of -29.658, indicating that a one-unit increase in institutional ownership proportion can shorten the audit report lag by roughly 30 days, assuming other variables remain unchanged. This suggests that increased oversight and pressure from institutional investors incentivize management to expedite the audit process in order to uphold investor confidence and credibility.
5. Finally, the audit committee variable exhibits a negative coefficient of -13.366, signifying that an increase of one audit committee member is associated with a reduction in audit report lag of approximately 13 days, all else being equal. An effectively functioning audit committee is presumed to enhance the financial reporting oversight mechanism, thereby encouraging management to adhere more strictly to reporting deadlines.

Collectively, the empirical findings demonstrate that the four independent variables examined in this study—the reputation of the Public Accounting Firm (KAP), corporate profitability, institutional ownership, and the existence of an audit committee—exert a statistically significant negative influence on audit report lag. This indicates that improvements in the quality and efficacy of these variables, when considered simultaneously, contribute meaningfully to the acceleration of the audit report completion process. In other words, when the reputation of the KAP improves, the company's profitability increases, institutional ownership is more dominant, and the audit committee functions optimally, the time required to complete and submit financial reports becomes shorter. This condition directly reduces the risk

of delays in the company's financial reporting, which in turn can increase transparency and stakeholder trust in the financial information presented.

F Test (Model Suitability Test)

The F-test, commonly designated as the model adequacy or overall significance test, constitutes a fundamental preliminary procedure in regression analysis. Its primary function is to evaluate the suitability and validity of the constructed regression model for empirical investigation. Specifically, the test determines whether the collective set of independent variables exerts a statistically meaningful influence on the dependent variable. Essentially, the F-test serves as a diagnostic mechanism to confirm that the regression model reliably accounts for variations in the dependent variable beyond random chance.

The implementation of the F-test entails contrasting the calculated F-statistic derived from the sample data with the critical value obtained from the theoretical F-distribution at a pre-established significance level, typically $\alpha = 0.05$. If the computed F-statistic surpasses the tabulated critical value and the corresponding p-value falls below the 0.05 threshold, the model is deemed statistically significant and appropriate for inferential purposes. This outcome indicates that the set of independent variables, when considered jointly, significantly explains the variability observed in the dependent variable. Conversely, should the F-statistic fail to exceed the critical threshold or the p-value exceed 0.05, the model is regarded as inadequate, reflecting an inability to substantiate a significant overall relationship among the variables analyzed.

Thus, the F test not only serves as a tool to assess the overall feasibility of the model but also provides researchers with confidence that the model used can be trusted to describe the relationship between variables in the context of the study. Success in this test is a crucial basis for proceeding to a more in-depth analysis stage, such as testing individual regression coefficients and interpreting the results as a whole.

The F test results are very important for deciding whether to continue the analysis because only models that meet the eligibility criteria can be used for further interpretation, like testing the regression coefficient and hypothesis testing. So, the F test is a very important step in making sure that the regression model used in the study is correct and works well.

For illustrative purposes, Table 5 below displays the results of the F-test analysis conducted in this study, providing evidence of the estimated regression model's adequacy and its conformity with established statistical criteria.

Table 5. F Test (Model Suitability Test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Say.
1	Regression	41599.900	4	10399.975	25.288	.000[b]
	Residual	116797.380	284	411.258		
	Total	158397.280	288			

a. Dependent Variable: ARLG

b. Predictors: (Constant), Audit Committee, ROA, Institutional Ownership, KAP Reputation

Source: SPSS Output Version 25, 2025

Table 5 details the assessment of the regression model's adequacy as determined by the F-test. The observed F-statistic of 25.288 surpasses the critical value of 2.403 at the 5% significance criterion, indicating robust model fit. Furthermore, the associated p-value of 0.000, falling well below the conventional alpha level of 0.05, underscores the high statistical significance of the test results, thereby affirming the model's overall explanatory power and suitability for analyzing the relationships among the studied variables.

This result implies that the overall regression model used in this investigation is capable of adequately explaining the variance in the dependent variable. To put it another way, the model's independent variables collectively greatly influence how the dependent variable changes. Therefore, after passing the feasibility test, the model can be concluded to be feasible and valid, which is suitable for use in further analysis, including testing regression coefficients and evaluating research hypotheses.

The model's success in passing the F test provides a strong basis for researchers to proceed to a more in-depth analysis stage. A regression model that does not pass the F-test for overall significance cannot yield reliable results. Therefore, the F-test results in this study confirm the suitability of the analytical approach, validating its use in examining the relationships among the variables within the study's context.

Discussion Results

The Influence of KAP Reputation on Audit Report Lag

This study thoroughly investigates how the reputation of the Public Accounting Firm (KAP) affects the duration of audit report lag in major consumer sector companies that are listed on the Indonesia Stock Exchange. With a p-value of 0.000 and a regression coefficient of -13.921, the multiple linear regression analysis showed statistical significance at the 5% level. The findings support the original hypothesis by showing that audit report lag is substantially impacted negatively by the KAP's reputation. Reduced audit reporting delays are correlated with a stronger KAP reputation.

Highly reputable KAPs, especially those in the Big Four group, are recognised for their adherence to stringent standards of professionalism and audit ethics. They consistently implement audit regulations and guidelines with high discipline, enabling them to complete the audit process more quickly and on time without compromising the quality of the audit results. This aligns with the compliance theory, which states that a reputable KAP is supported by adequate resources, including competent experts and sophisticated audit technology, thereby enabling the implementation of audits more efficiently and effectively.

Greater pressure from various stakeholders, comprising investors, regulators, and other stakeholders, demanding high-quality audits and timely reporting is very keenly felt by a KAP with a good reputation, as the Company tends to have higher expectations of the KAP. This pressure motivates KAP to maintain its reputation by ensuring that the audit process runs smoothly and the results are reliable. Recent studies also show that the involvement of former Big Four KAP partners in the Company's audit committee can improve coordination between auditors and management, thereby accelerating audit completion and reducing audit report lag without reducing audit quality.

Thus, the reputation of KAP, especially that of the Big Four, serves not only as an indicator of audit quality but also as a key factor influencing the efficiency of audit reporting time. The advantages in resources, work standards, and external pressures faced by reputable accounting firms enable them to provide faster and more reliable audit services, which ultimately increases stakeholder confidence in the Company's financial statements. This pressure drives accounting firms to meet stakeholder expectations and complete audits appropriately. *The big four are very* concerned about reputational risks. Delays in issuing audit reports can damage the professional reputation of the accounting firm and reduce trust from stakeholders. Companies will avoid behaviour that could damage the professional reputation of the accounting firm. Therefore, accounting firms that maintain a strong reputation are motivated to reduce delays in issuing audit reports

The Effect of Profitability on Audit Report Lag

This study seeks to examine the influence of profitability on the length of audit report lag in firms within the primary consumer sector listed on the Indonesia Stock Exchange. The multiple linear regression analysis produced a regression coefficient of -25.920 and a p-value of 0.007, signifying statistical significance at the 5% threshold. These findings offer empirical validation for the second hypothesis, affirming that profitability exerts a considerable negative influence on audit report lag. This result aligns with previous studies by Harris et al. (2023), Himawan and Venda (2020), and Lianto and Kusuma (2010), which also found an adverse correlation between profitability and the length of audit report lag.

Companies with high Return on Assets (ROA) generally reflect an effective internal control system and accurate accounting processes. Such circumstances enable auditors to conduct the audit more effectively and within the scheduled timeframe, consequently shortening the length of the audit report lag. Additionally, high profitability levels can also be an indication of efficient and transparent management, which contributes to fewer errors in financial reporting. Companies that successfully record profits are encouraged to expedite the preparation and delivery of financial reports to demonstrate positive performance to investors and other stakeholders.

Audit *report lag,* which is more quickly interpreted as a company's commitment to transparency and accountability, ultimately strengthens investor confidence. Generally, a high ROA ratio indicates lower financial risk, facilitating a faster audit process. Auditors do not need to spend a lot of time evaluating financial statements from companies with good profit performance because there is a lower risk of material errors. In addition, companies with good performance or the ability to generate profits are usually accompanied by more financial resources to cover audit costs and provide the necessary information to auditors promptly.

The Effect of Institutional Ownership on Audit Report Lag

The effect of institutional ownership on the length of audit report lag for companies in the primary consumer sector that are listed on the Indonesia Stock Exchange is the subject of this study. A regression coefficient of -29.658 and a p-value of 0.000 were obtained from the multiple linear regression analysis, indicating statistical significance at the 5% level. The third hypothesis, according to the results, is that audit report delays are significantly impacted negatively by institutional ownership. The time required to complete the audit report decreases as the proportion of shares held by institutional investors increases.

These results are consistent with earlier research by Sipahutar et al. (2022), Rosalia et al. (2019), and Kristiana and Annisa (2022), which also identified institutional ownership as a factor that shortens audit report latency and speeds up the audit reporting process. The consistency of these results confirms the importance of institutional investors in promoting transparency and efficiency in corporate financial reporting. Thus, the presence of institutional investors not only functions as shareholders but also as effective supervisors in ensuring the timeliness and quality of financial reports submitted to the public.

Institutional shareholders, including pension funds and investment companies, typically wield significant influence over corporate governance. Institutional investors tend to exert intense pressure on companies to comply with applicable regulations and accounting standards. Based on the compliance theory framework, this pressure can motivate corporate management to complete audit processes more efficiently and issue audit reports on time, thereby avoiding potential sanctions and maintaining the trust of institutional investors. Generally, institutional shareholders have more resources and expertise to oversee corporate performance, including the audit process. This tighter oversight can speed up the audit process because management is aware that any delays will be noticed and questioned by institutional shareholders.

Institutional investors often require timely financial information for informed investment decision-making. Therefore, investors' institutions will urge the company to immediately release the audit report, allowing investors to access important information and make informed decisions. Institutional shareholders are very concerned about their reputation and responsibility. Therefore, institutional investors will encourage companies to comply with accounting regulations and standards, this includes the timeliness of financial statement audit reports, which is particularly emphasized due to the heightened focus of institutional investors on the adherence to good corporate governance practices.

The Influence of the Audit Committee on Audit Report Lag

This study seeks to analyze the effect of the audit committee's presence on the duration of audit report lag within companies operating in the primary consumer sector and listed on the Indonesia Stock Exchange. The multiple linear regression analysis yielded a regression coefficient of -13.366 with a p-value of 0.001, which is statistically significant at the 5% level. These results provide empirical support for the fourth hypothesis, affirming that the audit committee has a statistically significant negative impact on audit report lag. Accordingly, improvements in the effectiveness and engagement of the audit committee are associated with a reduction in the time required to complete the audit reporting process.

These findings align with prior research, including studies by Anggraini (2022), Ariningtyastuti and Rohman (2021), and Rosalia et al. (2019), which similarly demonstrated that the presence of an audit committee contributes to expediting the audit reporting process by reducing audit report lag. The consistency of these results reinforces empirical evidence supporting the critical role of the audit committee's oversight function in enhancing the efficiency of financial reporting within organizations. Thus, the role of the audit committee is not only limited to internal supervision but also has a direct impact on the quality and timeliness of financial reporting, which is crucial for stakeholders.

A good audit committee improves oversight of a company's financial reporting process. This encourages management to be more disciplined in complying with applicable accounting principles and regulations. A high level of compliance can reduce the occurrence of errors or inaccuracies in financial statements, which ultimately speeds up audit activities. An active audit committee can assist auditors in planning and overseeing audits, enabling them to obtain the necessary information more quickly. Good cooperation among the audit committee, management, and auditors helps to smooth communication and reduce obstacles in the audit process.

The audit committee holds a vital role in detecting and addressing potential risks that may affect the accuracy and reliability of a company's financial statements. Through rigorous oversight of the financial reporting process, the committee helps minimize the likelihood of errors or inconsistencies that could lead to significant adverse consequences. This effort provides substantial support to auditors in carrying out their duties, enabling the audit process to be completed more efficiently and by the established schedule.

A well-established and effectively functioning audit committee helps ensure that financial statements are prepared in accordance with relevant accounting standards and embody high-quality information. As a result, the financial reports generated are not only accurate but also reliable and credible in the eyes of stakeholders. This condition indirectly reduces the need for auditors to make significant revisions or improvements during the audit process, which ultimately speeds up the completion time of the audit report as a whole.

Moreover, the audit committee plays a critical role in upholding the integrity and transparency of financial reporting, thereby contributing significantly to the effectiveness of internal oversight mechanisms. Beyond improving the quality of financial disclosures, this also reinforces investor and stakeholder confidence in the company's overall performance.

Therefore, enhancing the function and capacity of the audit committee is a crucial aspect that warrants serious attention to increase the efficiency and effectiveness of the audit process and financial reporting.

CONCLUSION

This research indicates that the timeliness of audit reporting is significantly impacted by the reputation of the public accounting firm, firm profitability, institutional ownership, and the presence of an audit committee when these factors are taken into account simultaneously. This implies that an increase in each of these variables tends to expedite the completion of the audit report process. Consequently, these factors contribute to a decrease in financial reporting delays. The findings demonstrate the critical significance of audit timeliness management, emphasizing the critical role of both internal governance mechanisms and external oversight in the overall effectiveness of corporate governance and audit quality.

However, this study also has limitations that need to be taken into consideration. The adjusted R-squared value of 0.252 indicates that about 25.2% of the variation in audit report lag is explained by the independent variables included in the model. This implies that the remaining 74.8% of the variation is attributable to other factors not captured within the scope of this study, suggesting the presence of additional determinants influencing audit report lag that were not incorporated into the current analytical framework.

As a recommendation for further research, additional variables such as audit quality, firm size, and complexity of firm operations should be included as moderating or intervening variables. Incorporating these additional variables is anticipated to enhance the explanatory power of the model regarding variations in audit report lag. Consequently, future studies may offer more comprehensive insights into the determinants of audit report timeliness, thereby making more substantial contributions to both accounting theory and practice.

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