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The Role of Internal Corporate Governance and Firm Size in Determining Audit Report Lag

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ABSTRACT: This study aims to identify factors that influence audit report lag in public companies in Indonesia. Audit report lag is defined as the time difference between the end of a company's fiscal year and the date of publication of the audit report. This study examines audit report lag, independent boards of commissioners, audit committees, and Firm Size in Indonesia. This study uses data from all non-financial companies listed on the Indonesia Stock Exchange in 2020–2024. The analysis method used is multiple regression to evaluate the effect of these variables on audit report lag. The sampling method in this study is purposive sampling. The hypotheses in this study were tested using descriptive statistics and multiple regression analysis. The results of this study indicate that independent boards of commissioners have a negative effect on audit report lag, while audit committees and Firm Size have no effect on audit report lag. These findings have important implications for regulators, accounting practitioners, and company stakeholders in their efforts to improve the efficiency of the audit process and the transparency of financial reporting in Indonesia.

KEYWORDS: Audit Report Lag, Corporate Governance, And Firm Size

INTRODUCTION

Timeliness of audited financial reporting is a fundamental qualitative characteristic of financial information, as it enhances its relevance for investors, creditors, and other stakeholders. One widely used measure of audit timeliness is audit report lag (ARL), defined as the number of days between a firm's fiscal year-end and the date of the independent auditor's report. A prolonged audit report lag reduces the usefulness of financial statements and may increase information asymmetry in capital markets (Muna & Lisiantara, 2021).

According to (Khoufi & Khoufi, 2018); (Adhika Wijasari & Ary Wirajaya, 2021) In Indonesia, the timeliness of financial reporting is strictly regulated by the Financial Services Authority (Otoritas Jasa Keuangan/OJK) and the Indonesia Stock Exchange (IDX). Public companies are required to submit audited annual financial statements within a specified deadline. Despite these regulatory requirements, empirical evidence indicates substantial variation in audit report lag across firms. This variation suggests that firm-specific characteristics and internal governance mechanisms play an important role in determining the speed of audit completion.

Financial Reporting contains information from all economic transactions used by entity *management* to evaluate the company's performance and is used as the main source in considering absolute decisions by stakeholders in the future and the most important thing when delivering financial reporting is *Time Lines* (Muna & Lisiantara, 2021). The public insists that *financial reporting* must be published in a timely manner as it is needed to make decisions before the benefits of the information are lost if it is not available when needed. Menurut (Khoufi & Khoufi, 2018); (Adhika Wijasari & Ary Wirajaya, 2021) The cause of the delay in the publication of the annual report is the company's delay in auditing the financial statements. The financial report that has been given an opinion from the auditor is information that is relied on by investors (Mufidah, N., & Laily 2019). The issue of audit report lag is important, because it is related to company transparency. This is a useful indicator that allows outsiders to assess the effectiveness of external audits. The timeliness of financial reporting disclosures is a key component of the quality of financial information (Lajmi & Yab, 2021). Timeliness is defined as the timely availability of information for decision-makers before it undermines the value of what impacts financial *reporting* (Kaaroud et al., 2020).

Circular Letter from OJK or the so-called Financial Services Authority with Number 29/POJK.04/2016 related to *the annual report* of public companies states that every issuer in the first quarter after the close of the books at the end of the year is required to submit *an annual report* to the Financial

Services Authority (OJK). The less relevant the information on the financial statements, the longer the audit time will be. Auditors are a reflection of an analytical professional in the field of accounting so that they prioritize their sense of responsibility to the community, clients, including respectful behavior because public trust professionals are the basic capital for auditors in carrying out their duties and responsibilities. (Idawati, 2018). The policy on the submission of financial statements is set by the regulator to anticipate that there will be no delays in the submission of financial reporting, but there are still some entities that are late in the financial reporting. In the publication of a company's financial information, the taking of time by an external auditor depends on completion The policy on the submission of financial statements is set by the regulator to anticipate that there will be no delays in the submission of financial reporting, but there are still some entities that are late in the financial reporting. In the publication of a company's financial information, the time taken by an external auditor depends on the completion of the audit process. Therefore, the issuance of audit reports without unnecessary delay puts pressure on external auditors (Oussii & Boulila Taktak, 2018). Giving confidence in the quality of the information contained in financial statements so that it is not spread and how financial statements can be submitted on time is important for auditors to pay attention to (Agyei-Mensah, B. K. (2018)) in (Adhika Wijasari & Ary Wirajaya, 2021).

Accuracy in the submission of audit reports is one of the manifestations of corporate governance is a manifestation of the responsibility of company leaders, in terms of submitting financial statements, management must think of ways and strategies so that there are no delays in publishing financial statements because audit activities take a long time. Exchange Regulation Number I-H Concerning Sanctions for the Accuracy of Financial Statements, n.d.) in Clause II.6.2. Exchange Regulation Number I-H related to the deadline for submitting financial statements. A corporate governance system works as "a set of relationships between the company's management, boards, shareholders, and other stakeholders" (Rivandi, M., & Gea, M. M, 2018). Corporate governance is a regulatory framework, structure, process, culture, and system that leads to the achievement of the goals of accountability, transparency, fairness, and principal rights. According to (Mathuva, D. M., Tauringana, V., & Owino, F. J. O. (2019) in (Chalu, 2021) that the delay in financial statements for audited publications can be caused by factors such as the need to obtain government approval, as well as combining the publication of financial statements with annual reports. Meanwhile, in linking financial statements and annual reports, other factors such as the involvement of the board, committees and audit processes, may play an important role (Cohen, A. F., & Brodsky, D, 2004). The corportate governance mechanism that will be used in this study is the board independence commissioners, audit committee, and internal factors of the company that The fundamental is firm size. It is needed to make a decision before the benefits of such information are lost if it is not available when needed. According to Gogan, L. M., Artene, A., Sarca, I., & Draghici, A. (2016); Serly, S. (2021) The cause of the delay in the publication of the annual report is the company's delay in auditing the financial statements. The financial report that has been given an opinion from the auditor is information that is relied on by investors (Mathuva et al., 2019). The issue of audit report lag is important, because it is related to company transparency. This is a useful indicator that allows outsiders to assess the effectiveness of external audits. The timeliness of financial reporting disclosure is a key component for the quality of financial information (Lajmi & Yab, 2021). Timeliness is defined as the timely availability of information to decision-makers before undermining the value of the impact on the financial statements (Hassan, Y. M, 2016)). Therefore, the issuance of audit reports without unnecessary delay puts pressure on external auditors (Oussii & Boulila Taktak, 2018). Giving confidence in the quality of the information contained in financial statements so that it is not spread and how financial statements can be submitted on time is important for auditors to pay attention to (Halim, Y. C, 2018)).

Firm size is another key determinant frequently examined in audit report lag studies. Larger firms generally possess more sophisticated accounting systems, stronger internal controls, and greater resources to support the audit process, which may lead to shorter audit delays. Conversely, large firms often face higher operational complexity and diversified business activities that can increase audit effort and potentially lengthen audit report lag. Consequently, the direction of the relationship between firm size and audit report lag remains an empirical question.This study aims to examine the determinants of audit report lag in Indonesia by focusing on internal corporate governance mechanisms and firm characteristics. By providing empirical evidence from an emerging market, this study contributes to a better understanding of factors influencing audit timeliness and offers practical implications for firms, auditors, and regulators.

THEORETICAL FOUNDATION AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency Theory is a theoretical framework that explains the relationship between principals (such as shareholders) and agents (such as managers) who are delegated decision-making authority to act on behalf of the principals. According to Jensen and Meckling (1976), agency theory assumes that agents are self-interested and may not always act in the best interests of principals. This divergence of interests creates agency problems, particularly when there is information asymmetry, where agents possess more information about the firm’s operations and financial performance than principals.To mitigate agency problems, principals implement monitoring mechanisms, such as corporate governance structures and external audits (Hillman, A. J., Withers, M. C., & Collins, B. J, 2009)..

Audit Report La

The implementation of financial reporting audits requires a period of time calculated from December 31, when the financial statements are published, until the financial statements are published on the Indonesia Stock Exchange (Fakri, I., & Taqwa, S, 2019). The completion of audit work performed by auditors requires a period of time based on the time needed to receive the independent auditor's report on the financial statement audit process of the entity, starting from the entity's closing date to the date presented in the independent auditor's report (Abdillah, ,Mardijuwono, A. W., & Habiburrochman, H. (2019)). The time required for auditors to complete their audit process can be illustrated through a company's audit report lag.

Corporate Governance

Corporate Governance is a set of interrelated rules between companies, company management, and shareholders in regulating the behavior of companies, company management, and shareholders, as stated by the Indonesian Corporate Governance Forum. According to the World Bank, Corporate Governance is defined as the administration or management of government in a solid and accountable manner, incorporating principles of efficiency and preventing corruption in both administrative and political spheres (Lajmi, A., & Yab, M. (2021).

Independent Board of Commissioners

In 2006, the National Governance Policy Committee stated that an independent commissioner is someone who has no relationship with any party within the company. Independent commissioners are part of a company that mostly consists of independent commissioners who do not come from within the company and whose task is to assess the company's performance in detail and comprehensively (Brahma, S., Nwafor, C., & Boateng, A. (2021). In carrying out their duties as independent commissioners, they monitor the company to prevent violations and maintain the company's good name, which has been upheld by the company since its establishment (Capezio, A., & Mavisakalyan, A. 2016). The independent board of commissioners plays a very important role for the company as a control mechanism used by the company to supervise the performance of the board of directors (Ionascu, M., Sacarin, M., & Minu, M, 2018).

Audit Committee

The audit committee should be independent in terms of the independence of its members and maintain its independence as an audit function. If the audit committee is independent in carrying out its duties, this will also have an impact on the transparency of the reports disclosed by the company. If transparency in the disclosure of reports has been achieved, this will also increase the trust of stakeholders and fulfill the audit committee's responsibility in supervising the board of directors (Susandy, & Suryandari, 2021).

Firm Size

According to Lena Susanti & Sigit Mareta.(2023) Firm Size is a broad description of a company that can be seen from its total assets, total sales of products or services, and average sales revenue. For companies, Firm Size has a varying influence on the value of a company. Firm Size can be seen from the total assets owned by the company, and these assets can be used for the company's operational activities (Valentino R. Hutabarat & Judith T. G. Sinaga, 2023). The total assets owned by a company will also indicate the company's future viability.

Hypothesis Formulation

The Effect of Independent Board of Commissioners on Audit Report Lag

Based on agency theory, conflicts of interest between agents and principals can be reduced through proper supervision to prevent information asymmetry. The presence of independent commissioners can also improve supervision of company management and lead to appropriate and independent corporate decisions (Charléty, P., Romelli, D., & Santacreu-Vasut, E., 2017).). The study by Kusumah et al. (2017) shows that independent commissioners have a negative effect on audit report lag, indicating that a larger proportion of independent commissioners can shorten audit report lag. However, the study by found that board independence has a significant effect on audit report lag. Based on the above description, the hypothesis in this study can be formulated as follows:

H1: Independent Board of Commissioners has a negative impact on Audit Report Lag

The Effect of the Audit Committee on Audit Report Lag

According to (Rivandi, M., & Gea, M. M. (2018)), because the publication of more timely financial reports is one of the tasks of the audit committee, it is expected that a larger audit committee will reduce audit report lag. In addition, the various skills possessed by a larger audit committee will increase the ability to resolve conflicts related to audit reports. Research (Ashton, R. H., Willingham, J. J., & Elliott, R. K.,1987) shows that audit committees have a negative effect on audit report lag, whereby the larger the size of the audit committee, the less likely the company will be late in submitting its financial reports.

H2: he Audit Committee has a negative effect on Audit Report Lag

The Effect of Firm Size on Audit Report Lag

In general, the size of an issuer will be influenced by various factors, including the intensity of the company's transactions, variability, and operational complexity, which will be affected by the accuracy of financial report delivery to the public or investors (Lena Susanti & Sigit Mareta.,2023), it shows that delays in financial reporting will be negatively affected by the size of the company as measured by the total assets of an issuer and the ability to submit financial reports on time.

H3: Firm size has a negative effect on Audit Report Lag

METHODOLOGY

Research Object

The purpose of this research is to gather empirical evidence that internal corporate governance affects audit report lag (Gujarati, D. N., Porter, D. C., & Gunasekar, S, 2012). This study uses data from all non-financial companies listed on the Indonesia Stock Exchange in 2020 –2024. The reason the researcher used non-financial companies is because these companies recorded audit report lag due to the COVID-19 pandemic.

Operational of Variables

Dependent Variable

Audit report lag is the period of time between the end of the fiscal year and the date of the company's audit report or can also be interpreted as the time interval from the closing date of the company's annual financial statements to the date stated in the independent auditor's report (Asri & Putri, 2017). The audit report lag variable is measured quantitatively, starting from the company's closing date, which is December 31, until the date stated in the published audit report. Data for this variable is obtained from the company's annual financial statements. This variable is denoted by ARL.

Independent Variable

The independent variables in this study are corporate governance, which is assessed by the board of commissioners and audit committee, and internal company factors, namely firm size.

Corporate Governance

Independent Board of Commissioners

Independent commissioners are members who are not related or affiliated with the board of directors so that independent commissioners can perform independent supervisory functions (Agyei-Mensah, B. K, 2018). The measurement of this variable is in accordance with POJK No. 33 of 2014, which states that the number of independent commissioners must be at least 30% of the total number of board of commissioners members. The percentage of independent board of commissioners is obtained from the number of board members. This variable is denoted by BIND.

$$BIND: \frac{Number\ of\ Independent\ Board\ Members}{Total\ Board\ Members} \times 100$$

Audit Committee

Based on POJK No. 55 of 2015, which states that the audit committee must consist of at least three (3) people, including the chair of the audit committee. Audit committee size is measured by the number of members on the audit committee in a company used in the study (Asri & Putri, 2017) This variable is denoted by AUC.

$$AUC: \Sigma Number\ of\ Audit\ Comittee\ Members$$

Firm Size

Firm Size is a scale used to indicate the scope of a company or how large its operational activities are (Lena Susanti & Sigit Mareta.(2023).). The measurement of Firm Size in this study uses a ratio scale as used in the study (Valentino R. Hutabarat & Judith T. G. Sinaga (2023).). The variable in this study is denoted by LNSIZE.

$$LNSIZE = Ln\ (Asset\ Total)$$

Control Variable

Control variables are variables used in controlled causality research and are kept constant (Ghozali, 2018):

Profitability

In this study, profitability is measured by Return On Assets (ROA) in accordance with Financial Services Authority Circular Letter No.14/SEOJK.03.2017 regarding health level assessment that shows the company's performance (Fujianti, L., & Satria, I. (2020). This variable is denoted by PROF.

$$ROA = \frac{Profit\ After\ Tax}{Assets\ Total}$$

Size of the KAP company

The size of the public accounting firm indicates the credibility and quality of the audit because the firm has adequate resources, both in terms of auditors and the technology used in the auditing process. The variable of public accounting firm size in this study was measured using a dummy variable, (Kautsar Riza Salman1 & Bety Setyaningrum, 2023).

a. If the company is audited by a BIG 4 firm, it is given a score of 1
b. If the company is audited by a non-BIG 4 firm, it is given a score of 0

Regression Equation Analysis

$$ARL = a0 + \beta_1 BIND + \beta_2 AUC + \beta_3 LNSize + \beta_4 ROA + \beta_5 KAP + \varepsilon$$

Explanation :

ARL	: *Audit Report Lag*
$BIND$	: Board Independen
AUC	: Audit Comittee
$LNSize$	: Firm Size
ROA	: Profitability
Size of KAP	: Firm Size

RESULTS AND DISCUSSION

Descriptive Statistics

Based on the mean, median, maximum value, minimum value, and standard deviation.

Tabel 1. Descriptive Statistics

Variabel	Obs	Mean	Median	Max.	Min.	STDev
Dependen						
ARL	427	107.9321	105.0000	210.0000	33.00000	30.76021
Independen						
BIND	427	41.96862	40.00000	100.0000	20.00000	10.60999
AUC	427	3.044496	3.000000	7.000000	2.000000	0.422808
LNSIZE	427	27.71410	27.76000	33.45000	15.84000	2.367105
Control						
ROA	427	0.493841	0.720000	59.90000	-50.56000	10.99993
KAP	427	0.215457	0.000000	1.000000	0.000000	0.411621

Source : output reviews ,9

Audit Report Lag (ARL) is measured by the period from the end of the fiscal year to the publication of the company's annual audit report. This measurement shows that the mean is greater than the median of the data. It indicates that the longest number of days for the submission of audit reports in the company is 210 days, which exceeds the limit set by the IDX and also exceeds the relaxation limit for the submission of financial reports granted due to the COVID-19 pandemic in 2020.

Board Independence Commissioners (BIND) is an independent variable in the study measured using the total number of independent commissioners divided by the total number of commissioners. This value illustrates that independent board members have a mean value > 30% in the ratio of the total Board Independence Commissioners requirement stipulated in POJK No. 33 of 2014, which states that the total Board Independence Commissioners must be at least thirty percent of the total number of Board Independence Commissioners.

The audit committee is one of the independent variables in this research. The audit committee is determined based on the total number of audit committee members in the entity. Based on descriptive statistical output, the average value is 3.044496. This value represents the mean audit committee in entities with three members, based on Regulation Number 55/POJK.04/2015, which stipulates that the minimum number of audit committee members is three Board Independence Commissioners.

In this study, firm size is an independent variable. Firm size is measured by summing the total value of the entity's assets. The entity measurement is determined using natural logarithms as a basis for equalizing the size during regression and harmonizing the numerical values. Based on the descriptive statistical output, the mean value is Rp1,086,597,471,370 or 27.71410 in natural logarithm, explaining the mean based on the assets of the sample companies.

This study uses the first control variable, namely profitability. Based on the descriptive statistical output in the table above, it has a mean of 0.493841. The second control variable in this research is the size of the public accounting firm. Based on the descriptive statistical output in the table above, it has a mean of 0.215457.

Classical Assumptions

To test the accuracy of the regression model in the study using secondary data sources. The regression equation model for this research is free from classical assumption tests, namely heteroscedasticity, multicollinearity, and normality tests.

Normality Test

This research applies a normality test to show a comparison between the probability value of the Jarque-Bera statistical test on the output of Eviews processing and the significance value of alpha, which is 0.05. When the Jarque-Bera probability value is greater than the significance value of 0.05, the data is normally distributed.

Tabel 2. Normality Test Regression Model

Series: Standardized Residuals	
Sample 485	
Observations 427	
Jarque-Bera	3.887899
Probability	0.143138

Source: Output eviews,9

From the table above, for the regression model, the Jarque-Bera statistical calculation is 3.887899 and the probability value is 0.143138. Using a significance level of 5% or 0.05, it can be seen that the Jarque-Bera probability (0.143138) is greater than 5%, so it can be concluded that the residuals on the regression model are normally distributed.

Multikolinearity Test

A regression model is said to have multicollinearity issues if the independent variables in the model are interrelated. One method of determining whether there are multicollinearity issues in a regression model is to use the Output Correlation Matrix. This method is used in a regression model by using the correlation coefficient between independent variables, and multicollinearity issues will occur if the correlation coefficient is greater than 0.8.

Tabel 3. Multicollinearity Test for Regression Models

	BIND	AUC	LNSIZE	ROA	KAP
BIND	1.00000				
AUC	0.033331	1.00000			
LNSIZE	-0.067489	0.153164	1.00000		
ROA	0.030209	0.025954	-0.005716	1.00000	
KAP	-0.011563	0.160593	0.244350	0.060796	1.00000

Source: Output eviews, 9

From the table above, it can be seen that there is a correlation value between the independent variables in the regression. The table shows that the correlation coefficient between the independent variables for the regression model is not greater than 0.8. Therefore, it can be concluded that the regression model is free from multicollinearity.

Heteroscedasticity Test

This test detects heteroscedasticity in regression models and is used to determine whether the residual values are homogeneous. If the variance is not the same, then there is a problem of heteroscedasticity in the regression model. This research uses the Glejser test in the Eviews 9 statistical program to determine the problem of heteroscedasticity.

Tabel 4. Heteroscedasticity Test for Regression Models

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	14.77140	7.926986	1.863431	0.0631
BIND	0.034271	0.053342	0.642478	0.5209
AUC	-1.421992	1.358295	-1.046894	0.2958
LNSIZE	0.016395	0.247809	0.66161	0.9473
ROA	0.008618	0.009630	0.894865	0.3714
KAP	3.887075	1.441468	2.696609	0.0713

Source: Output eviews, 9

The table above shows the results of the heteroscedasticity test for the regression model. Based on the table above, it can be seen that the probability of all independent variables is > 0.05, which means that there is no heteroscedasticity problem for each variable, so it can be concluded that there is no heteroscedasticity.

Autocorrelation Test

Problems found in autocorrelation tests are characterized by the existence of a relationship between error terms in a regression model. The Durbin-Watson test in regression models is used to find autocorrelation problems. This method is operated by determining the value of the Durbin-Watson coefficient from the regression value against the critical values dL and dU in the Durbin-Watson statistics table obtained from the DW statistics table, looking at the total number of independent variables (k) and the number of observations (n). A regression model is said to be free from autocorrelation problems if the DW coefficient is at the critical values dU and 4-dU.

Tabel 5. Autocorrelation Test for Regression Models

Statistik Durbin-Watson	
Durbin-Watson Stat	1.8669947

Source: Output eviews, 9

The table above shows that the Durbin-Watson coefficient is used in the regression model to detect autocorrelation problems shown in five independent variables (k) and 427 in the number (n) resulting in the values dU, dL, 4-dU, and 4-dL. These critical values are used as a basis for deciding whether to reject H0 or accept H0. From the regression results, it can be concluded that the Durbin-Watson coefficient value of 1.8669947 indicates that the regression model is free from autocorrelation.

Data Analysis

Tabel 6. Multiple Regression Analysis

Variable	Coefficient	t-Statistic	Prob.	Conclusion
C	150.3487	7.557150	0.0000	Signifikan
BIND	-0.339607	-2.540930	0.0114	H1 Accepted
AUC	-0.896393	-0.262590	0.7930	H2 Rejected
LNSIZE	-0.751381	-1.208646	0.2275	H3 Rejected
ROA	-0.019948	-0.823863	0.4105	
KAP	-21.60957	-6.042845	0.0000	

Source: Output eviews, 9

DISCUSSION RESULTS

Board Independence Commissioners Have a Negative Impact on Audit Report Lag

Hypothesis 1 (H1) states that during the 2020 period, board independence commissioners, measured using the BIND proxy, had a negative effect on ARL. This can be seen from the regression coefficient of board independence commissioners of -0.339607 with a probability of 0.0114. This explains that the supervision of Board Independence Commissioners carried out by issuers does not cause companies to be late in publishing audit reports, where supervision and control are getting better, thus issuers will protect shareholders and it can be indicated that independent commissioners have the ability to ask auditors to report the audited company's finances so that they are not late. Therefore, it can be said that audit report lag will not occur if there are more independent commissioners on the board of an issuer.

Audit Committee Has No Effect on Audit Report Lag

Discussion related to the audit committee based on research data shows that the audit committee does not play an important role in delays in the submission of financial reports. This is shown in the regression coefficient and probability for the audit committee variable of -0.896393 and 0.7930. The results of this study explain that companies with a large number of audit committees do not affect delays in publishing financial reporting but only contribute to shortening the audit report lag because it is the responsibility of the audit committee to maintain the quality of financial reports, especially in the publication of audited financial reports. This research is supported by studies by (Lajmi & Yab, 2021), (Susanda & Suryandari, 2021) (Fakri & Taqwa, 2019) (Kusumah & Manurung, 2017) (Wulandari & Wijayanti, 2020) which show that audit report lag is not influenced by the number of audit committee members, meaning that the independence of an audit committee does not play an important role or contribute to the timely publication of audits.

Firm Size Has No Effect on Audit Report Lag

Measurements of Firm Size using the natural logarithm of assets (LNSIZE) proxy indicate that Firm Size has no effect on audit report lag. This is reflected in the regression coefficient for Firm Size, with a value of -0.751381 and a probability of 0.2275, which shows that the firm has no effect on ARL. This shows that Firm Size, whether viewed from the perspective of issuers with large or small assets, does not guarantee a faster audit process. This is because issuers with large or small assets have engaged independent auditors who are trusted in terms of their competence and independence in auditing the financial statements of these issuers. This research has results in line with the research (Annisa, 2018) that firm size has no effect on audit report lag, where issuers listed on the Indonesia Stock Exchange receive full attention from investors and regulators, and companies with large or small assets may have the same thing related to the emphasis on the submission of financial statements.

Implications

Based on the data described above and analyzed using multiple linear regression analysis, the results of this study can be implied in managerial actions that can be applied in companies. The role of the board of commissioners in carrying out their duties and responsibilities as the leadership of an entity is expected to assist management in preparing reliable financial reports as a basis for decision-making by users of financial reports, including investors, creditors, and regulators, so that the accuracy of financial report delivery is highly expected. The COVID-19 pandemic has indeed proven that there are major problems in the economic sector, which certainly have an impact on the financial information produced by companies. This is where the board of commissioners plays an important role in overcoming these problems. Regulators have extended the deadline for submitting financial reports to 150 days, or approximately five months from the end of the fiscal year during this pandemic, due to the large number of companies suffering losses in their businesses. This means that the financial reports to be submitted will certainly be delayed, thus highlighting the important role of the independent board of commissioners in the submission of financial reports. Furthermore, the audit committee plays an equally important role in the submission of financial reports, starting from the preparation stage, which is subject to strict supervision by the audit committee. The audit committee ensures that generally accepted accounting standards are properly applied by company management. Similarly, the audit committee is fully responsible for appointing auditors and selecting a public accounting firm that will be entrusted with assessing the fairness of the financial reports submitted by the entity. Thus, the role of the audit committee in supervising the appointed Public Accounting Firm is very important in helping to evaluate the financial statements presented until the submission of the financial statements. The role of company assets can also affect the accuracy of financial statement submission because issuers with large assets usually want this information to reach the public in order to quickly attract the attention of investors to make investment decisions in the company.

CONCLUSION

The board independence commissioners (BIND) variable has a negative effect on ARL. This indicates that the existence of an independent board of commissioners in a company can improve the quality of financial reports, resulting in accuracy in the submission of financial reports, but can also shorten the publication of audit reports due to more effective supervision and no affiliation with outside parties. The audit committee (AUC) variable was found to have no effect on audit report lag. This indicates that the role of the audit committee is very necessary for the accuracy of financial report delivery, but this is highly dependent on its function and role in supervision and does not affect the speed of financial report delivery. Similarly, firm size (LNSIZE) has no effect on audit report lag. This indicates that the size of a company's assets does not affect the delay in publishing its financial statements.

LIMITATIONS AND RECOMMENDATIONS

First, This study uses data from all non-financial companies listed on the Indonesia Stock Exchange in 2020–2024. Since the 2020–2024 period includes the COVID-19 pandemic, further research can compare the pre, during, and post-pandemic periods. Second, the independent variables in this study only use internal corporate factors (internal corporate governance and firm size). Future research should use other variables to measure audit report lag factors, not only internal corporate factors but also external factors.

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