JDA | Jurnal Dinamika Akuntansi
Vol. 14, No. 1, March 2022, pp.54-65

p-ISSN 2085-4277 | e-ISSN 2502-6224
http://journal.unnes.ac.id/nju/index.php/jda

Corporate Governance and Audit Report Lag on Financial Sector Companies Listed in IDX 2018 - 2020

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DOI: http://dx.doi.org/10.15294/jda.v14i1. 34603

Submitted: January 18th, 2022 Revised: March 7th, 2022 Accepted: March 15th, 2022 Published: March 31st, 2022

Abstract

Purpose: This study aims to determine the effect of corporate governance practices on the length of time for the annual financial statement audit that called Audit Report Lag (ARL).
Method: This research used quantitative approach with a multiple linear regression models through ordinary least square and classic assumptions test. The sample is selected using purposive sampling method, from financial sector company listed on the Indonesia Stock Exchange (IDX) for the period 2018 – 2020, 250 data were selected as a sample.
Finding: It was found that board size, audit committee meeting and audit opinion variable have negative effect on ARL. Besides, Audit committee size give positive effect on Audit Report Lag.
Novelty: This study enriched the literature by finding out that "others" sub sector in financial company didn't have a specific regulation whereas previous research only focus on bank which already have a strict regulation. This research's implication is expected to give wider insight to company and regulator that can help them publish their financial reports on time.
Keywords: *Audit Report Lag, Corporate Governance*

How to cite (APA 7th Style)
Widjaja, C., C & Feliana, Y, K,. (2022). Corporate Governance and Audit Report Lag on Financial Sector Companies Listed in IDX 2018-2020. Jurnal Dinamika Akuntansi, 14(1), 54 - 65. https://doi.org/http://dx.doi.org/10.15294/jda.v14i1.34603

INTRODUCTION

The challenge for companies in preparing annual reports so that they can be published to the public on time according to the time limit set by the Financial Services Authority (OJK) cannot be avoided. In a copy of OJK regulation No. 29/POJK.04/2016 article 7 states that "Public companies are required to submit an Annual Report to the Financial Services Authority no later than the end of the fourth month after the end of the financial year". Anxiety is seen in companies to report the company's actual financial condition.

Financial statements are important for investors and people with an interest in a company. Financial statements are used to obtain relevant information in making economic decisions because based on PSAK no. 1 regarding the presentation of financial statements in effect in 2018, the purpose of the financial statements is to know the financial condition of the company, because the reports are made in detail, accurately and using good calculations. Based on a copy of the financial services authority regulation number 29 /POJK.04/2016 concerning the annual report

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of issuers or public companies, the annual report is a report on the responsibility of the directors and the board of commissioners in managing and supervising issuers or public companies within 1 (one) financial year to the GMS prepared based on the provisions of this POJK. Corporate governance has become the main thing for a company since the 1998 monetary crisis in Indonesia which brought small, medium or large companies out of business. Not wanting to suffer from this condition, Indonesia has required companies to implement good corporate governance since 1999 Komite Nasional Kebijakan Governance (2006). Based on the analysis conducted by the government, the only companies that were able to get through the crisis were those that had good corporate governance.

Financial reports that will be reported to OJK and published to the public must have been audited by a public accountant or an external auditor who is trusted by the company. The auditor will issue an audit report signed by the auditor himself so that the company's financial statements are worthy of publication. The less time between the end of the financial year and the publication date of the audited annual report, the more profitable the company itself will be Shofiyah & Wilujeng Suryani (2020). Timeliness is one of the main qualitative features of financial reporting that supports user decision making (IASB, 2018), pending accounting data has no benefit for investment decisions taken by investors, said Hassan (2016). Audit report lag is the time span for completing the annual report audit based on the duration of time required to obtain a report from the auditor from the closing date of the company's books (Kaaroud et al., 2020; Nouraldeen et al., 2021; Rusmin & Evans, 2017).

The importance of ARL in previous research provides motivation to analyze the influence of corporate governance on audit report lag in Indonesia, especially the financial sector because companies in this sector have quite a lot of sub-sectors and are important instruments in society. Research (Habib et al., 2019; Kaaroud et al., 2020; Nouraldeen et al., 2021; Rusmin & Evans, 2017) related to the length of ARL has been carried out in various other developing countries including Indonesia. Research done by Kaaroud et al. (2020) conducted on banking companies in Malaysia provides support for conducting further research related to audit report lag in the financial sector so that it does not only look at the banking side by considering agency theory. Agency theory says that relationships between company organs need to be maintained so as not to cause problems that can hinder the implementation of corporate governance in a company.

Research that uses the financial sector as an object in finding the effect of corporate governance on audit report lag in Indonesia has not been found because previously it was only carried out in the banking sector (Kaaroud et al., 2020; Nouraldeen et al., 2021). Financial sector companies in Indonesia are the main drivers of the economy. The financial sector is now focusing on National Economic Recovery (PEN) in order to be able to face economic uncertainty (Indonesia Financial Services Authority (OJK), 2020). The discovery of an audit report lag duration of more than 4 months or 120 days in companies in the financial sector such as those owned by Capitalinc Investment Tbk and Minna Padi Investama Sekuritas Tbk in 2018, also Asuransi Kresna Mitra Tbk, Equity Development Investment Tbk and Sinar Mas Multiartha Tbk that have ARL up to 151 days because of pandemic in 2020 makes researchers want to do further research. Therefore, this study will fill this gap by analyzing the influence of corporate organs in GCG on public companies in 2018 – 2020 in the financial sector.

THEORY

This study has an explanatory purpose, where the authors want to know the effect of corporate governance on audit report lag. This research is included in basic research because it aims to determine whether corporate governance with board independence proxies, board meetings, board size, audit committee expertise, audit committee size, audit committee meetings, audit opinion, KAP reputation affects audit report lag in financial sector companies as a development of existing theory and research. The benefit of this research is the development of knowledge about agency theory in financial sector companies that can bridge problems between owners and agents to reduce information asymmetry, provide additional information for investors, provide insights for company management, provide additional knowledge and inspiration for science and academics. , and new insights for researchers.

Agency theory (Jensen & Meckling, 1976) is a contract between the owner/principal and the agent/agent to carry out several activities in which the agent is authorized to make a decision. "Good Corporate Governance (GCG) is one of the pillars of a sustainable market economy system with trust in the implementing companies and the industrial climate in a country. The implementation of GCG is able to create healthy competition and a good business climate," said the Coordinating Minister for the Economy of the Republic of Indonesia in Komite Nasional Kebijakan Governance (2006). Audit report lag is the time span between the closing date of the financial statements until the financial statements have been audited as seen from the date of signing the audit report from the public accounting firm (Kaaroud et al., 2020; Nouraldeen et al., 2021; Rusmin & Evans, 2017). The new auditor can start working when the management has finished compiling the company's financial statements for auditing. Companies that implement good corporate governance will make the auditor's performance faster because the reports that are prepared are more structured and are usually presented fairly and transparently in accordance with the company's conditions.

Based on several previous studies (Habib et al., 2019; Kaaroud et al., 2020; Nouraldeen et al., 2021; Rusmin & Evans, 2017) stated the influence of corporate governance on audit report lag. Researchers want to develop several hypotheses from this study as follows. Based on board of commissioners in Indonesia consists of at least two people one of which is an independent commissioner that stated in financial services authority regulations and agency theory recognizes the board as the main actor in minimizing agency problem. Previous study by Habib et al (2019) found that board independent made audit report lag become shorter.

H_1 : Independent commissioners have a negative effect on audit report lag

The board of commissioners minimal holding 1 time meeting in 2 months according to OJK rules No.3 /POJK.04/2014 which aims to keep the company's condition awake and problems quickly resolved, so that the audit report lag can be shortened. Also, earlier research by Al Daoud et al. (2014); Hermanto (2020); Nouraldeen et al. (2021) the majority found a negative influence between the board meeting and ARL. Thus, board meetings tend to lead to shorter ARLs.

H_2 : The board of commissioners meeting has a negative effect on audit report lag in Indonesian financial sector companies.

In line with agency theory, the fewer the number of commissioners, then the performance will be more effective and can reduce agency costs according to Hassan (2016). Also, in Aryani et al. (2018); Habib et al. (2019) find more effective with a smaller number of members of the board of commissioners will make ARL shorter.

H_3 : The size of the board of commissioners has a positive effect on audit report lag.

Stated from POJK no. 55/POJK.04/2015 where the audit committee must have at least 1 (one) member who have expertise in accounting and finance. Research conducted in Indonesia in consumer goods sector industry by Handayani & Yustikasari (2017) also found that audit committees with expertise in accounting and finance will make the audit report lag shorter.

H_4 : Audit committee expertise has a negative effect on audit report lag.

The function of the audit committee is to ensure internal controls and financial statements have been prepared in accordance with applicable regulations, so that companies can have audit report lag faster based on POJK No. 55/POJK.04/2015 about audit commitee.

H_5 : Audit committee size has a negative effect on audit report lag.

On previous study by Abbott et al. (2003) found the more often meetings are held, the more problems they will cause financial reporting can be completed in a short time and make companies can report their financial statements tend to be on time.

H_6 : The audit committee meeting has a negative effect on audit report lag.

Based on previous research by Habib et al. (2019) found a significant negative effect between audit opinion on audit report lag where companies with unqualified audit results will have a faster ARL, in line with research conducted in Indonesia by Handoyo & Maulana (2019).

H_7 : "Unqualified Opinion" audit opinion has a negative effect on audit report lag.

The last hyphotesis is inspired from research conducted by Rusmin & Evans (2017) found that companies in Indonesia that are audited by KAP Big 4 will have audit time faster where a good auditor reputation will speed up ARL because it has have better audit capabilities, thereby shortening the audit report lag.

H_8 : KAP reputation has a negative effect on audit report lag in Indonesian financial sector companies.

METHODS

This study will use the unit of analysis in the form of public companies from the financial sector listed on the Indonesia Stock Exchange in 2018 – 2020. Public companies use the unit of analysis at the organizational level. This research will be tested using ordinary least square model.

The following is the formula that will be used :

ARL = f (corporate governance variables + control variables)

ARL = β0 + β1 (BIND) + β2 (BMEET) + β3 (BSIZE) + β4 (ACEXP) + β5 (ACSIZE) + β6 (ACMEET) + β7 (OPI) + β8 (KAP) + β9 (SIZE) + β10 (LOSS) + β11 (LEV) + β12 (YEAR) + β13 (INDUSTRY) + β14 (SUBS) + ε

Details :

β0	= konstanta regresi panel;
β1 – β8	= koefisien regresi dari variabel corporate governance;
β9 – β14	= koefisien regresi dari variabel kontrol; dan
ε	= kesalahan acak / error
BIND	= Komisaris independen perusahaan i di tahun t
BMEET	= Pertemuan dewan komisaris pada perusahaan i ditahun t
BSIZE	= Ukuran dewan komisaris pada perusahaan i ditahun t
ACEXP	= Keahlian anggota komite audit pada perusahaan i ditahun t
ACSIZE	= Ukuran komite audit pada perusahaan i ditahun t
ACMEET	= Pertemuan komite audit pada perusahaan i ditahun t
OPI	= Opini audit yang diperoleh perusahaan i ditahun t
KAP	= KAP yang mengaudit pada perusahaan i ditahun t
SIZE	= Ukuran perusahaan i ditahun t
LOSS	= kerugian yang dialami perusahaan i ditahun t
LEV	= utang untuk mendanai aset yang dilakukan perusahaan i ditahun t
YEAR	= tahun
INDUSTRY	= sub sektor perusahaan i
SUBS	= jumlah anak perusahaan pada perusahaan i ditahun t

Classic assumptions test that used in this research is normality test, heteroscedasticity, autocorrelation and multicollinearity. The results show that the formula passed normality test, autocorrelation test, and multicollinearity test. Only size, loss and year are having heteroscedasticity problem, but it's not significant so researcher decided to use those variables in this research.

The dependent variable that will be used is the Audit Report Lag (ARL) which according to research conducted by Kaaroud et al. (2020) is the time span between the closing of the company's

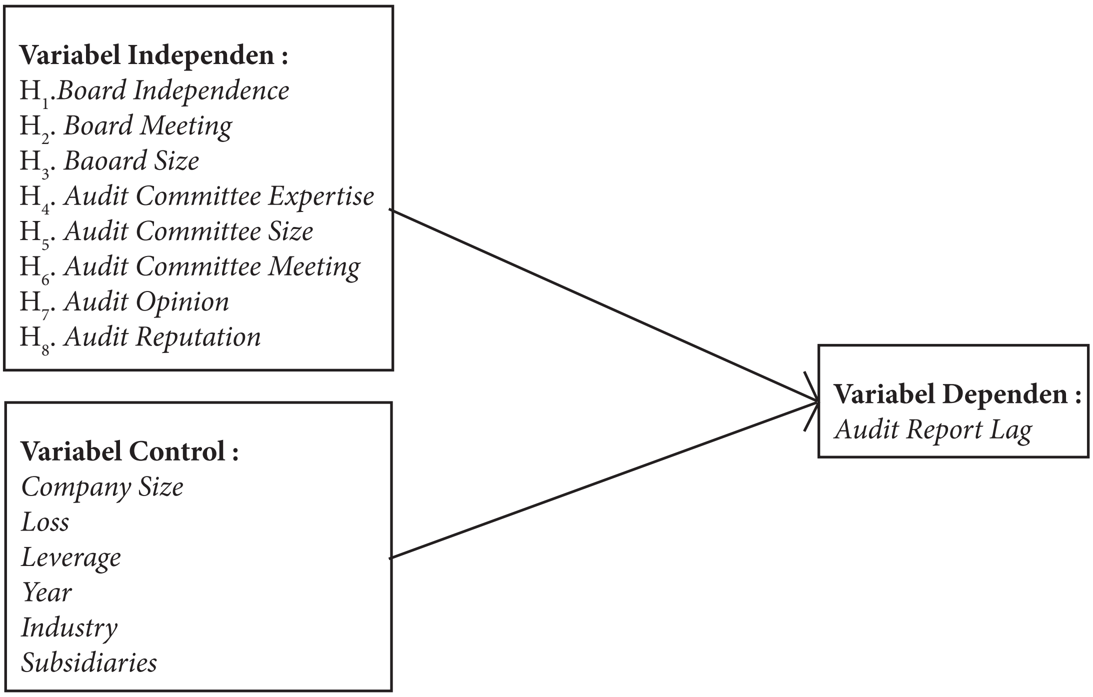

Image 1. Framework of Thinking

Source : Data Processed

financial statements and the date the audit report was signed by the external auditor. Audit Report Lag (ARL) is obtained from the difference between the date of signing the audit report – the closing date of the company's financial statements.

The independent variable that will be used in this research is corporate governance. According to Komite Nasional Kebijakan Governance (2006), Indonesia adheres to a two-body system, namely the board of commissioners and directors in managing a limited liability company. Thus, in this study corporate governance will be represented by 8 (eight) proxies consisting of Independent Commissioners (BIND) obtained from the proportion of independent commissioners to the total number of commissioners. Board of commissioners meeting (BMEET) is obtained from the number of meetings held by the board of commissioners in one year. The size of the board of commissioners (BSIZE) is obtained from the number of members of the board of commissioners in a company. Audit committee expertise (ACEXP) is obtained from the proportion of audit committee members who have financial/accounting expertise to the total number of audit committee members. Audit committee size (ACSIZE) is obtained from the number of audit committee members in a company. Audit committee meeting (ACMEET) is obtained from the number of meetings held by the audit committee in a year. Audit opinion (OPI) is obtained from companies that obtain an "unqualified opinion" or unqualified (no emphasis on a matter) = 1, other than that = 0. Finally, KAP Reputation (KAP) is obtained from companies audited by KAP Big 4 = 1, otherwise = 0.

The control variable used in this study is company size because it shows the size of the companies that participate in determining the length of the audit process carried out (Kaaroud et al., 2020; Nouraldeen et al., 2021). Loss variable is used to show whether companies experiencing losses take longer in the audit process (Habib et al., 2019; Rusmin & Evans, 2017). Then, the leverage variable is used to determine the effect of the debt ratio on the company's assets on the audit report lag (Nouraldeen et al., 2021). The year variable is used to see the impact of the pandemic. Industry is used to represent sub-sectors in the financial sector to find out which ones have old meanings because no previous study using this variable. Finally, subsidiaries to show

Table 1. Research Sample

	2018	2019	2020
Financial Sector Companies	91	91	91
(-) Company that didn't publish their annual report	(7)	(4)	(5)
(-) Companies that using USD currency	(1)	(1)	(1)
(-) O*utlier* companies	(1)	(2)	(1)
Companies that suitable for research	82	84	84

Source : Secondary data processed

whether the subsidiaries prolong the audit report lag (Rusmin & Evans, 2017). Control variables consist of company size (size) measured by the logarithm of the company's total assets, Loss (LOSS) where the variable is assessed as 1 if the company reports a loss in year t, in addition to 0, Leverage (LEV) which is measured using a debt to total asset ratio of a company in year t, Year (YEAR) where 2018 = 1, 2019 = 2, 2020 = 3, Industry (INDUSTRY) is the financial sub-sector in accordance with IDX provisions (Banks = 1, Consumer finance institutions = 2, securities companies = 3, insurance = 4, others = 5) and Subsidiaries (SUBS) were obtained from the number of subsidiaries owned by the company in year t. Measurement Scale Ratio scale can be treated as a basis for calculating and measuring the object of research for the dependent variable audit report lag, as well as several independent variables such as independent board of commissioners, board of commissioners meeting, board of commissioners size, audit committee size, audit committee meeting and audit committee expertise.

The control variables of leverage, subsidiary and size are also included in the ratio scale. The nominal scale applies to audit opinion, KAP reputation, loss and industry variables. The ordinal scale is used for the control variable year. Testing the validity of the data was carried out with the Normality Test, Heteroscedasticity Test, Autocorrelation Test, and Multi Collinearity Test. Then it will be continued with multiple linear regression test carried out in several ways such as Partial Test (t-test) and Coefficient of Determination (R2). The following is the sample used in the study:

Those sample is using unbalanced data which is taken from the same companies in different time. The research sample used in this study is the result of the number of financial sector companies with companies that do not publish annual reports / are not listed on the IDX anymore, do not use Rupiah currency and companies that are statistically included outliers are excluded from this study because they are not relevant to the discussion. Companies that using USD currency be taken out from the sample data because the majority of the Indonesia financial

Table 2. Descriptive Statistics

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
ARL (days)	250	16.000	151.000	78.370	32.143
BSIZE	250	1.000	13.000	4.200	1.940
BIND	250	0.000	1.000	0.519	0.144
BMEET	250	2.000	60.000	10.29	9.468
ACSIZE	250	2.000	1.000	3.480	1.007
ACEXP	250	0.000	0.000	0.384	0.256
ACMEET	250	0	30.000	8.120	5.737

Source : Data processed

sector is using IDR is the main currency and USD has a variable exchange rate.

RESULTS AND DISCUSSION

In table 2, the average ARL owned by companies in the financial sector in Indonesia is 78.37 days. This value is still in accordance with BAPEPAM LK Regulation Number: KEP-346/BL/2011 concerning the submission of periodic financial reports of issuers which is no later than the end of the third month after the last date of the annual financial report or equivalent

Table 3. Dummy Variable Frequencies Analysis

OPI

		Frequency	Percent
Valid	0	39	15.600
	1	211	84.400
	Total	250	100.000

Source : Data Processed

KAP

		Frequency	Percent
Valid	0	152	60.8
	1	98	39.2
	Total	250	100.0

Source : Data Processed

LOSS

		Frequency	Percent
Valid	0	200	80.0
	1	50	20.0
	Total	250	100.0

Source : Data Processed

YEAR

		Frequency	Percent
Valid	1	82	32.8%
	2	84	33.6%
	3	84	33.6%
	Total	250	100.0%

Source : Data Processed

INDUS-TRY

		Frequency	Percent
Valid	1	124	49.6%
	2	45	18.0%
	3	14	5.6%
	4	39	15.6%
	5	28	11.2%
	Total	250	100.0%

Source : Data Processed

Table 4. Regression Model Partial Test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	F Test Sig.	Adj. R^2
1	(Constant)	116.006	39.733		2.920	0.004	0.000	0.505
	BIND	9.777	11.008	0.044	0.888	0.375		
	BMEET	0.209	0.188	0.062	1.111	0.267		
	BSIZE	-6.525	1.124	-0.394	-5.803	0.000		
	ACEXP	0.439	5.951	0.004	0.074	0.941		
	ACSIZE	3.611	1.873	0.113	1.928	0.055		
	ACMEET	-0.635	0.341	-0.113	-1.862	0.064		
	OPI	-13.852	4.449	-0.157	-3.113	0.002		
	KAP	0.476	3.656	0.007	0.130	0.897		
	Year	7.496	1.778	0.190	4.216	0.000		
	INDUS-TRY	5.998	1.598	0.274	3.754	0.000		
	SIZE	-4.281	3.089	-0.126	-1.386	0.167		
	LOSS	9.991	4.255	0.125	2.348	0.020		
	LEV	14.558	6.720	0.121	2.166	0.031		
	SUBS	0.944	0.361	0.169	2.617	0.009		

Source : Data Processed with significancy 5%

to 90 days. The average number of commissioners owned by the research sample companies is 4.20 people or 5 people. The average proportion of independent commissioners owned by the research sample companies is 51.9%, meaning that almost all companies in the financial sector comply with the provisions made by the Financial Services Authority. The average number of board of commissioners meetings held during the year by each company is 10.29 times (10 – 11 times). The average number of audit committee members is 3.48 people (3-4 people). The average proportion of audit committee expertise is 38.4% of the total audit committee members. This percentage shows the company's compliance in the financial sector by having 1 audit committee with accounting expertise from 3 members which is equivalent to 33%. The average number of audit committee meetings held during the year is 8.12 times. This value indicates that the majority of companies in the financial sector comply with applicable regulations at least 4 times a year.

In table 3, it can be seen that 39 companies have opinions other than unqualified. The opinion obtained is a fair opinion with an emphasis on one thing. Then, 98 companies chose KAP Big-4 as their external auditors. As many as 50 companies reported experiencing losses from 2018 - 2020. The presence of 20% of companies that experienced losses showed that companies in Indonesia, especially the financial sector, were able to survive well until 2020 despite the Covid 19 pandemic that rocked the world. The number of samples used in 2018 was 82 companies. In 2019 and 2020 there were 84 companies each. The majority of companies in the financial sector are owned by the bank sub-sector with a total of 124 data because banks are the main means of public transactions so that their existence is very essential. The sub-sector of consumer finance institutions totals 45 data. The securities company sub-sector has 14 data, this is the sub-sector with the least/minority data. The insurance company sub-sector has 39 data and the other sub-sector has 28 data.

In table 4, it can be seen that the F test sig value below 0.05 means that the research model can be used and is feasible. When viewed from the adjusted R Square value of 0.505, it means that the independent variable and control variable affect the dependent variable by 50.5%. Based on the partial test or t test, the BSIZE variable has an effect on the delay in reporting financial statements as proxied by ARL. The independent variables are BIND with a significance value of 0.375, BMEET with a significance value of 0.267, ACSIZE with a significance value of 0.055, ACEXP with a significance value of 0.941, ACMEET with a significance value of 0.064 and KAP with a significance value of 0.897 which overall has a significance value greater than 0.05 . This means that the variable is not significant or has no effect on the length of the audit report lag. While the independent variable OPI has a significance value of 0.002 which is smaller than 0.05, which means that the opinion obtained by the company affects the duration of ARL owned by an entity every year.

The control variable Year with a significance value of 0.000, INDUS-TRY has a significance value of 0.000, LOSS has a significance value of 0.020, LEV with a significance value of 0.031 and SUBS with a significance value of 0.009 has a significance value less than 0.05. This indicates that there are control variables that affect the length of time a company's ARL, especially in this financial sector. As the years go by, the length of ARL is also getting longer. This is because in 2020 the Covid 19 pandemic began to appear which made the economy disrupted so that the duration of ARL became longer. LOSS has an effect on ARL where if the company suffers a loss it will make ARL longer. While the control variable SIZE has a value of more than 0.05 which means it has no effect on the duration of the company's ARL. It certainly shows that the size of the company does not affect the duration of the audit of the company's financial statements.

DISCUSSION

The first hyphotesis is not accepted based on the regression result because of the independent board of commissioners is tasked with ensuring that corporate governance is carried out properly by controlling the performance of external auditors so that according to research results that there is no significant effect on the audit report lag of a company. Agency theory in this case is shown by board independent that communicate with external auditor just to make sure the results are satisfactory aligned with POJK No. 57/POJK.04/2017 regarding the implementation of securities company governance. Based on the test results for the second hyphotesis, it shows that board meeting frequency has no significant effect on the delay in reporting financial statements as proxied by ARL so that the hyphotesis unacceptable. The board of commissioners is a company organ that has the task of overseeing the general articles of association. The meeting held only aims to ensure the management's performance in implementing GCG aligned with research by Kuslihaniati & Hermanto (2016) that also found that board of commissioners meetings had no effect on ARL which in agency theory only used to reduce misunderstandings with stakeholders.

Based on these findings the third hyphotesis is rejected, BSIZE has a significant negative effect on ARL where the more the board of commissioners, the shorter the duration of delay in financial reporting. In POJK No. 33/POJK.04/2014, the minimum size of the board of commissioners consists of 2 people and the board of commissioners is tasked with overseeing the implementation of corporate governance so that it runs well a line with agency theory. The more the board of commissioners will make the problems found more quickly solved and make the company run more directed. This finding is in line with the research by Handayani & Yustikasari (2017) and Kusumah & Manurung (2017).

The fourth hyphotesis is also rejected, Audit Committee Expertise has no effect on the ARL of the sample companies. Audit committee members are required to have at least 1 member with expertise in accounting and finance. This finding is in agreement with Salleh et al. (2017) that found that audit committee expertise had no effect on ARL in Malaysia and Fakri & Taqwa (2019) in an empirical study with mining company objects in 2015 – 2017 also found that there was no influence of audit committee expertise on delays in reporting an entity's financial statements. Therefore, the expertise possessed by an audit committee does not affect the length of the audit process before it is published to the public.

The fifth hyphotesis is also rejected, Audit committee has a positive effect on audit report lag. The audit committee is responsible for overseeing the performance of the auditors who are trusted by the company to run well in accordance with the expected time. The findings in this study are in accordance with previous research by Hassan (2016), in companies listed on PSE in 2011, which found that the existence of an audit committee had a positive influence on audit report lag. Besides, The sixth hyphotesis is accepted. The number of audit committee meetings held during the year has a negative effect on the length of audit report lag. Therefore, the sixth hypothesis is accepted. The audit committee meeting is held so that the financial statements prepared by the company can be discussed with the audit committee team in order to minimize errors. The Financial Services Authority (OJK) in POJK no.55/POJK.04/2015 requires the audit committee to hold regular meetings at least 4 times a year. Previous research conducted by Kaaroud et al. (2020); Nouraldeen et al. (2021) found a negative effect between the number of ACMEETs in one year and audit report lag in the meta analysis they conducted.

The seventh hyphothesis is accepted. The opinion obtained by the company has a negative effect on audit report lag. This finding means that if the company obtains an unqualified opinion or an unqualified opinion with a dummy variable of 1, it will have a faster audit report lag. This finding is in line with the research conducted by Habib et al. (2019) in his meta analysis and Handoyo & Maulana (2019) in research in the Indonesian banking sector in 2013 – 2015 also found a significant negative effect between audit opinion on audit report lag. At the last hyphotesis shows that there is no influence between the reputation of the KAP used and the audit report lag. Thus, the eighth hypothesis is not proven. The costs that must be incurred to use auditors are a major consideration for companies in the financial sector. Big-4 KAPs are KPMG, PWC, EY and Deloitte. The findings in this study are in line with research conducted by Joy (2018) on manufacturing companies in Indonesia in 2016 which found no effect between the type of KAP and the length of audit report lag.

CONCLUSIONS

This study aims to determine whether corporate governance with proxy board independence, board meeting, board size, audit committee expertise, audit committee size, audit committee meeting, audit opinion, KAP reputation affects audit report lag in financial sector companies listed on the Indonesia Stock Exchange. (IDX) in 2018 – 2020. Based on the sample data used in research, testing and data analysis that has been carried out to test the hypothesis, the researcher concludes that independent commissioners have no effect on audit report lag, board of commissioners meetings have no effect on audit report lag company, there is a significant negative impact of the size of the board of commissioners on audit report lag which shows that the larger the size of the board of commissioners will shorten the duration of the company's audit report lag, audit committee expertise has no effect on audit report lag, audit committee size has no significant effect against audit report lag, the audit committee meeting has no effect on audit report lag in the Indonesian financial sector, the "unqualified opinion" obtained by the company has a significant negative effect on the length of audit report lag. Companies that obtain an unqualified opinion usually have a shorter audit report lag and the reputation of KAP has no effect on audit report lag in Indonesian financial sector companies.

The limitations faced by the authors of the securities company sub-sector regression test cannot be carried out because the amount of data available is the same as the number of variables used, amounting to 14 data, so it is not possible to do a regression test. The adjusted R square result is only 50.5%, indicating that there are still many other variables that can affect audit report lag. Based on the existing limitations, the researcher provides the following recommendations, further researchers can use loss variables other than dummy variables such as ratios and use other assessment bases for size variables in order to create homoscedasticity. Researchers can also use a longer research time. The next researcher can add the corporate governance variable with several variables such as the CGPI/Corporate Governance Perception Index value so that the research results are more accurate to determine whether good corporate governance can make the audit report lag duration shorter.

This research contribution are for knowledge development these findings can indicate that corporate governance can influence ARL through BSIZE, ACSIZE, ACMEET and OPI. Agency theory in this study is proven to be able to bridge the company's internal and external parties so as to reduce information asymmetry. The existence of the size of the board of commissioners and the opinions obtained by the company provide additional knowledge about agency theory that can increase the confidence of external parties through audited financial reports that are published to the public. For regulators, can encourage regulators to further tighten existing regulations in order to enable companies throughout the banking sector to have a better audit report lag so that good governance can be created such as in the banking sector. For investors, the results of this study increase investors' knowledge about audit report lag, which in fact in the financial sector was found to be influenced by corporate governance and several other control variables. In the future, investors can pay attention to the audit report lag to determine the company's health. Audit report lag can show the company's overall health. The importance of ARL can make investors consider the timeliness of information to find out whether the available information is still useful for making a decision or not.

On the other hand, for company management, this study aims to provide additional information regarding the importance of having good corporate governance in order to maintain company performance in all conditions. The financial sector is an important sector in society, therefore the availability of report information is highly anticipated by stakeholders. Financial services authorities apply strict regulations to overcome audit report lag that is too long, so companies must be prepared to continue to shorten audit report lag. The company can also increase the number of members of the board of commissioners within reasonable limits and obtain an unqualified opinion to make the company's financial condition stable, so as to increase the trust of third parties. Last for academics, the research results show the influence of corporate governance on ARL in financial sector companies in 2018 - 2020 listed on the IDX. This finding enriches existing knowledge because no one has previously studied the financial sector as a whole in Indonesia.

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