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# AUDITOR'S REPUTATION, AGE OF COMPANY, AND FINANCIAL DISTRESS: AUDIT REPORT LAG

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## *ABSTRACT*

*This study aims to test and empirically prove the influence of the author's reputation, company age and financial distress on audit report lag. The population in this study is the consumer goods and industrial sector companies listed on the Indonesia Stock Exchange. The sample selection method in this study used purposive sampling method. the total number of samples in this study were 16 companies with an observation year 2017-2020. The research tool to test the hypothesis is Eviews version 10. The data analysis method uses descriptive statistical analysis, panel data test, classical assumption test and hypothesis test. The results of this study indicate that simultaneously has a significant effect on audit report lag. while partially auditor reputation has no effect on audit report lag, company age does not affect audit report lag and financial distress affects audit report lag.*

*Keywords: Auditor Reputation, Company Age, Financial Distress, Audit Report Lag*

## 1. INTRODUCTION

One of the important tools for assessing a company is financial statements. Financial reports are used to measure and assess company performance and support the sustainability of a company, especially companies that have gone public. The increase in the number of companies going public is in line with the high demand for audits of financial statements which are a source of information for investors (Widhiasari & Budiartha, 2016).

The qualitative characteristics that exist in the financial statements are their own characteristics for use by users of these financial statements. There are four main qualitative characteristics, namely comparability, verifiability, timeliness and understanding (Hapsari & Laksito, 2019). If these characteristics are met, the financial statements can be said to be good. One of the most important aspects in order to produce financial reports that provide relevant information is timeliness.

Information that is available on time is relevant information for decision makers. This explains that the timeliness of the presentation of financial statements is very important for the public (Widhiasari & Budiartha, 2016).

Regulations for compliance with timeliness in the presentation of financial statements to the public in Indonesia have been regulated in the Financial Services Authority Regulation Number 29/POJK/04/2016 concerning Annual Reports of Issuers or Public Companies. The regulation states that issuers or public companies whose registration statements have become effective are required to submit an Annual Report to the OJK accompanied by an audited annual financial report, with a maximum deadline of the end of the 4th (fourth) month in the period after the entity's financial year close. This regulation is expected to minimize audit report lag in Indonesia.

Based on data obtained from Press Release No.: Peng-SPT-0001/BEI.PP1/07-2019 issued by the Indonesia Stock Exchange (IDX) regarding Submission of Audited Financial Statements ending as of December 31, 2018, Results of IDX monitoring up to date On June 29, 2019, there were 10 (ten) listed companies that had not submitted the Annual Financial Statements as of December 31, 2018 and/or had not paid the fine for the late submission of the Financial Statements. In accordance with the provisions of II.6.4 Rule Number I-H concerning Sanctions, the Indonesia Stock Exchange shall impose sanctions in the form of temporary suspension of Securities trading in the Regular Market and Cash Market since session I of Securities Trading on July 1, 2019, for 4 (four) listed companies, namely:

1. PT Apexindo Pratama Duta Tbk.
2. PT Bakrieland Development Tbk.
3. PT Sugih Energy Tbk.
4. PT Nipress Tbk.

This phenomenon should be used as a lesson for every company to submit financial reports according to the time limit set by Bapepam and Financial Institutions so that they do not receive administrative sanctions. Of the 4 (four) companies above, none of them are companies from the Goods and Consumption Industry sector. So this makes the reason why researchers are interested in researching industrial goods and consumption companies to find out what factors affect audit report lag.

## 2. LITERATURE RIVIEW

### 2.1 Agency Theory

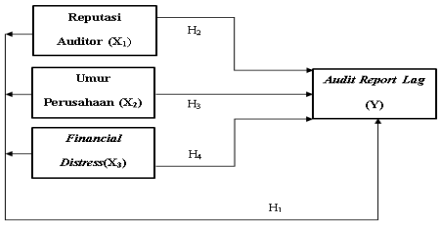
Conflicts that occur between the principal and the agent are resolved by conducting independent checks reported by the agent. The discussion of Audit Report Lag is closely related to agency theory where companies can ask auditors to further examine the long-term liabilities and profit and loss of companies that play an important role in financial statements. This further inspection takes more time and will affect the Audit Report Lag (Aristika et, al 2016).

Aristika et, al (2016) Conflicts that occur between the principal and the agent are resolved by conducting independent checks reported by the agent. The discussion of Audit Report Lag is closely related to agency theory where companies can ask auditors to further examine the long-term liabilities and profit and loss of companies that play an important role in financial statements. This further inspection takes more time and will affect the Audit Report Lag.

### 2.2 Signal Theory

Generally the market will respond to this information as a signal of good news or bad news. The signal given will affect the stock market, especially the company's stock price. If management signals indicate good news, it can increase stock prices. On the other hand, if management signals indicate bad news, it can result in a decrease in the company's stock price. Signals from the company are important for investors for decision making (Sugita & Dwirandra, 2017).

**2.3 The Thinking Framework**




**2.4 Effect of Auditor Reputation, Company Age, and Financial Distress together (simultaneously) on Audit Report Lag**

This agency and signal conflict arises when bridging the conflict of interest that occurs between the principal (owner) and the agent (manager) so that both parties incur costs so as not to harm each other. To minimize the risk of a manager's breach of contract, the principal issues a monitoring cost by checking the financial statements with the external auditor.

"KAP is responsible for auditing the financial statements that have been published by publicly listed issuers. The terms auditor and KAP are commonly interpreted in the same sense, the term KAP illustrates that auditors who already have a public accountant license can express their opinions on financial statements. External auditor or by another name independent auditor is another term for KAP. Auditor reputation serves as a signal of auditor quality in minimizing information discrepancies between management and investors" (Hapsari & Laksito, 2019).

$H^1$: Allegedly Auditor Reputation, Company Age, and Financial Distress affect Audit Report Lag.

**2.5 Effect of Auditor's Reputation on Audit Report Lag**

A Public Accounting Firm with a good reputation is considered to be more efficient in conducting the audit process and will produce information that is in accordance with the fairness of the company's financial statements. Big four KAPs generally have greater resources, both in terms of competence, expertise, and ability of auditors as well as auditing facilities, systems and procedures used than non-big four so that big four auditors can complete audit work more effectively and efficiently (Mariani & Latrini, 2016).

Auditor reputation is represented by Big 4 KAPs which are expected to be able to complete audits with good quality than non Big Four KAPs. According to Caneghem in Hapsari (2019) KAP Big Four takes a short time to audit work contracts with their clients. Big Four KAPs are known to have (1) qualified staff, (2) large number of clients, (3) the opportunity to mobilize significant resources to audit both in terms of recruitment, training and technology used, and (4) have high risks. big on behalf of KAP.

$H^2$: It is suspected that the auditor's reputation has an effect on the Audit Report Lag

**2.6 Effect of Company Age on Audit Report Lag**

Widhiasari & Budiartha (2016) explaining agency theory has a concept of the relationship between principals and agents. The performance of the agent here plays a very important role in the sustainability of a company so that it continues to exist. If the agent can manage the company for a very long time, it can be ascertained that the company has great profits, can prosper the principal and the agent itself. Research on the effect of company age on audit report lag has been carried out by several previous researchers.

$H^3$: It is suspected that the age of the company has an effect on the Audit Report Lag

**2.7 Effect of Financial Distress on Audit Report Lag**

Muliantari (2017) which explains that companies experiencing financial distress (financial difficulties) will not affect the market reaction so that this will not prevent companies from submitting financial reports in a timely manner. This result is in line with the signal theory, financial distress is bad news for the company, in this case the company will intentionally give good news signals so as not to worsen the situation and also maintain the company's image. This means that the company will deliberately shorten the audit completion time so that it is faster to publish financial reports to the public or in other words shorten the audit report lag.

$H^4$: It is suspected that Financial Distress has an effect on Audit Report Lag.

**3. DATA AND RESEARCH TECHNIQUE ANALISY**

**3.1 Types Of Research**

This study uses a quantitative approach. Quantitative research is a systematic research to test pre-determined hypotheses where the data processing process is presented in statistical form which is then analyzed and generally accepted conclusions can be drawn in a parameter. The research process is deductive, Sugiyono (2016) where to answer the problem formulation, concepts or theories are used so that hypotheses can be formulated. The hypothesis is then tested through field data using instruments in the collection. The collected data is then analyzed quantitatively using descriptive or inferential statistics so that it can be concluded that the formulated hypothesis is acceptable or not. Researchers use this type of research because this research is used to measure and find out how much influence the independent variable has with the dependent variable.

**3.2 Place And Time Of Research**

The location in this study is the Financial Services Company listed on the Indonesia Stock Exchange (IDX) which is accessed through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id. Reason for choosing a location in Bursa Indonesia Stock Exchange (IDX) because it can facilitate researchers in obtaining the data needed and the data presented on the Indonesia Stock Exchange (IDX) is accurate data because it has been audited by an independent auditor before. The research implementation time is in 2021 and the year that will be the object of research is from 2017 to 2020.

**3.3 Operational Variable**

**Tabel 3.1 Operational Variable**

| No | Variabel | Indikator | Skala |
|---|---|---|---|
| 1. | *Audit Report Lag*, (Y) Hapsari dan Laksito (2019) | Audit Report Lag = Audit Report Date – Financial Report Date | Interval |
| 2. | Auditor Reputation, ($X_1$) Arumningtyas dan Ramadhan (2019) | This variable is measured by using a dummy variable. The category of companies that use the services of KAPs affiliated with the Big Four KAPs is given a score of 1 and the categories of companies that use services other than KAPs affiliated with the Big Four | Nominal |

| | | | |
|---|---|---|---|
| | | are given a score of 0. | |
| 3. | Company Age, ($X_2$) Rizkyllah (2018) | The age of the company is calculated based on the first time the company is listed on the Indonesian stock exchange up to the year of the study | Nominal |
| 4. | Financial Distress, ($X_3$) Himawan dan Venda (2020) | Z = 1,2X1 + 1,4X2 + 3,3X3 + 0,6X4 + 1,0X5 | Nominal |

**3.3 Sample**

"The selection of research samples based on purposive sampling technique, namely the technique of determining the sample with certain considerations". The basis for determining the sample selection is the completeness of the data. The criteria used to select the sample are as follows:

1. Registered as an Industrial Goods and Consumption Company on the IDX for the period 2017-2020.
2. The company publishes annual reports and audited financial reports for 4 consecutive periods, namely 2017-2020.
3. The company uses rupiah currency in its financial statements.
4. Companies whose financial statements end on December 31,
5. Financial reports on industrial goods and consumption companies have variables that are needed in the study.

the overall sample used is 16 x 4 years = 64 sample

**3.4 Data collection technique**

The data collection method used in this study is to use the non-participant observation method. Sugiyono (2012, p. 145) "Non-participant observation technique is an observation technique in which the researcher is not directly involved and only as an independent observer". Data collection can be obtained from data sources by conducting searches, reading and observing secondary data obtained from the Indonesia Stock Exchange (IDX) in the form of audited annual financial reports of industrial goods and consumer companies for the period 2017–2020 which is accessed through the official website of the Exchange. The Indonesian Stock Exchange (IDX) is www.idx.co.id, as well as by searching for literature in the form of books, scientific journals, theses, theses and articles related to this research.

**3.5 Data analysis technique**

The data analysis method used is statistical analysis method using Eviews 10 software. Before the data is analyzed, for the purposes of analyzing the data, the classical assumption test is first performed. Eviews 10 is a computer software that can help to analyze data, perform statistical and non-paramatic calculations on a windows basis.

**3.6 Panel Data Test**

Ghozali (2016) Panel data is a combination of time series and cross section data. Panel data is often called pooled data (pooling time series and cross section), micropanel data, longitudinal data, event history analysis and cohort analysis. All of these terms mean the movement over time of the cross-sectional unit. In simple terms, panel data can be defined as

a data set (dataset) in which the behavior of cross-sectional units (eg individuals, firms, countries) is observed over time.

## 4. RESULT AND DISCUSSION

### 4.1 Descriptive Statistical Analysis Results

Descriptive statistics are statistics that describe (description) a data seen from the minimum value, maximum value, mean, and standard deviation of each variable.

Date: 09/12/21 Time: 13:17
Sample: 2017 2020

| | Y | X1 | X2 | X3 |
|---|---|---|---|---|
| Mean | 4.314016 | 0.531250 | 19.25000 | 1.791120 |
| Median | 4.363078 | 1.000000 | 23.00000 | 1.486667 |
| Maximum | 4.770685 | 1.000000 | 39.00000 | 3.713829 |
| Minimum | 3.610918 | 0.000000 | 2.000000 | -0.025377 |
| Std. Dev. | 0.212723 | 0.502967 | 11.21507 | 0.866874 |
| Skewness | -1.297147 | -0.125245 | -0.088056 | 0.240035 |
| Kurtosis | 5.028804 | 1.015686 | 1.630651 | 2.058848 |
| Jarque-Bera | 28.92377 | 10.66732 | 5.083016 | 2.976622 |
| Probability | 0.000001 | 0.004826 | 0.078748 | 0.225754 |
| Sum | 276.0971 | 34.00000 | 1232.000 | 114.6317 |
| Sum Sq. Dev. | 2.850811 | 15.93750 | 7924.000 | 47.34261 |
| Observations | 64 | 64 | 64 | 64 |

**1. Audit Report Lag**

From the results of descriptive statistical tests that the audit report lag (Y) has a minimum value of 3.610918, and a maximum value of 4.770685. The table above shows the average (mean) value for manufacturing companies in the consumer goods and industrial sub-sector listed on the Indonesia Stock Exchange in 2017 - 2020 of 4.314016, while the standard deviation value is 0.212723 which is below the average value (mean). , meaning that the Audit Report Lag has a low level of data variation, so it can be said that the data variation is good or homogeneous.

**2. Auditor Reputation**

From the results of the descriptive statistical test that the Auditor's Reputation (X1) has a minimum value of 0.000000, and a maximum value of 1.0000000. The table above shows the average (mean) value for manufacturing companies in the consumer goods and industrial sub-sector listed on the Indonesia Stock Exchange in 2017 - 2020 of 0.531250 while the standard deviation value is 0.502967 which is below the average value (mean), meaning that the Auditor's Reputation has a low level of data variation, it can be said that the data variation is good or homogeneous.

**3. Company Age**

From the results of the descriptive statistical test that Company Age (X2) has a minimum value of 2.000000, and a maximum value of 39.000000. In the table above, the average (mean) value for manufacturing companies in the consumer goods and industrial sub-sector listed on the Indonesia Stock Exchange in 2017 - 2020 is 19.25000 while the standard deviation value is 11.21507 which is below the average value (mean), meaning The age of the company has a low level of data variation, so it can be said that the data variation is good or homogeneous.

**4. Financial Distress**

From the results of descriptive statistical tests that Financial Distress (X3) has a minimum value of -0.025377, and a maximum value of 3.713829. In the table above, the average (mean) value for manufacturing companies in the consumer goods and industrial sub-sector listed on the Indonesia Stock Exchange in 2017 - 2020 is 1.791120 while the standard deviation value is 0.866874 which is below the average value (mean), meaning Financial Distress has a low level of data variation, so it can be said that the data variation is good or homogeneous.

## 4.2 Panel Data Test Results

### 4.2.1 Chow test

Redundant Fixed Effects Tests
Equation: MODEL_FEM
Test cross-section fixed effects

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 5.344604 | (15,45) | 0.0000 |
| Cross-section Chi-square | 65.472183 | 15 | 0.0000 |

Chow testFrom the table above, it can be seen that the cross-section probability value of F is 0.0000 and the chi-square cross-section probability value of 0.0000 both has a value of <0.05, so it can be concluded that the more appropriate model to use is the fixed effect model than the common effect model.

### 4.2.2 Hausman test

Correlated Random Effects - Hausman Test
Equation: MODEL_REM
Test cross-section random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 1.575385 | 3 | 0.6650 |

The table above shows that the probability value of a random cross-section is 0.6650 or > 0.05, so it can be concluded that the more appropriate model to use is the random effect model rather than the fixed effect model.

### 4.2.3 Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

| | Test Hypothesis | | |
|---|---|---|---|
| | Cross-section | Time | Both |
| Breusch-Pagan | 23.30176 | 1.181451 | 24.48321 |
| | (0.0000) | (0.2771) | (0.0000) |
| Honda | 4.827189 | -1.086946 | 2.644752 |
| | (0.0000) | -- | (0.0041) |
| King-Wu | 4.827189 | -1.086946 | 0.978451 |
| | (0.0000) | -- | (0.1639) |
| Standardized Honda | 5.791515 | -0.859921 | -0.065513 |
| | (0.0000) | -- | -- |
| Standardized King-Wu | 5.791515 | -0.859921 | -1.339818 |
| | (0.0000) | -- | -- |
| Gourieroux, et al.* | -- | -- | 23.30176 |
| | | | (< 0.01) |

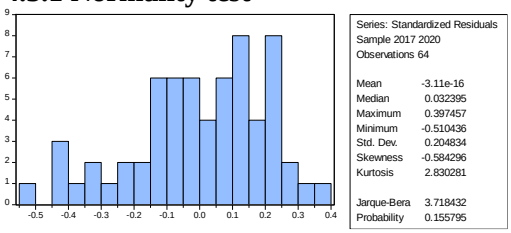
*Mixed chi-square asymptotic critical values:

| | |
|---|---|
| 1% | 7.289 |
| 5% | 4.321 |
| 10% | 2.952 |

The table above shows that the probability value for both is 0.0000 or <0.05, so the research model used in the Lagrange Multiplier test is a random effect model rather than a common effect model.

## 4.3 Classic Assumption Test Results

### 4.3.1 Normality test




In the picture above, it can be seen that the Jarque-Bera value is 3.718432 with a p value of 0.155795 which is greater than 0.05 which means the residual value is normally distributed.

### 4.3.2 Multicollinearity Test

Based on the results of the table test, it is shown that the coefficient value between variables is less than 0.90. This is in accordance with the test criteria that the results of the multicollinearity test have no correlation coefficient between variables that are more than 0.90, so it can be concluded that the data does not have multicollinearity problems.

| | Y | X1 | X2 | X3 |
|---|---|---|---|---|
| Y | 1.000000 | -0.229115 | -0.048735 | -0.286399 |
| X1 | -0.229115 | 1.000000 | 0.181500 | 0.465942 |
| X2 | -0.048735 | 0.181500 | 1.000000 | 0.362530 |
| X3 | -0.286399 | 0.465942 | 0.362530 | 1.000000 |

### 4.3.3 Autocorrelation Test

| | | | |
|---|---|---|---|
| R-squared | 0.675506 | Mean dependent var | 4.314016 |
| Adjusted R-squared | 0.545708 | S.D. dependent var | 0.212723 |
| S.E. of regression | 0.143378 | Akaike info criterion | -0.805140 |
| Sum squared resid | 0.925071 | Schwarz criterion | -0.164222 |
| Log likelihood | 44.76449 | Hannan-Quinn criter. | -0.552650 |
| F-statistic | 5.204298 | Durbin-Watson stat | 1.776282 |
| Prob(F-statistic) | 0.000004 | | |

In the results of the autocorrelation test above, it can be seen that the DW value is 1.776282, then this result will be compared with a significant table of 5% sample (n = 64), and the number of independent variables (k = 3). Then the value of dL is 1.4990 and dU is 1.6946.

DW value 1.776282 is greater than the limit or (du) which is 1.6946 and less than (4-du) 4-1.6946= 2.3054, namely du < DW < (4-du). So the conclusion is that there is no autocorrelation either negative or positive.

### 4.3.4 Heteroscedasticity Test

Heteroskedasticity Test: Glejser

| | | | |
|---|---|---|---|
| F-statistic | 2.407587 | Prob. F(3,60) | 0.0760 |
| Obs*R-squared | 6.876491 | Prob. Chi-Square(3) | 0.0759 |
| Scaled explained SS | 7.271877 | Prob. Chi-Square(3) | 0.0637 |

From the table above shows that the probability value of Obs*R-squared has a significant value of more than 0.05, ie 0.0759 > 0.05, it can be concluded that the Glejser test does not indicate any symptoms of heteroscedasticity.

### 4.4 Hypothesis Test Results

#### 4.4.1 Panel Data Regression Test Results

This research for panel data regression is used to see the effect of the independent variable on the dependent variable. The results of panel data regression analysis can be seen in the following table:

Cross-section random effects test equation:
Dependent Variable: Y
Method: Panel Least Squares
Date: 09/12/21 Time: 13:24
Sample: 2017 2020
Periods included: 4
Cross-sections included: 16
Total panel (balanced) observations: 64

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 4.364748 | 0.455068 | 9.591418 | 0.0000 |
| X1 | 0.029264 | 0.148663 | 0.196847 | 0.8448 |
| X2 | 0.009143 | 0.018652 | 0.490179 | 0.6264 |
| X3 | -0.135263 | 0.065976 | -2.050187 | 0.0462 |

Y = 4.364748 + 0.029264 (X1) + 0.009143 (X2) - 0.135263 (X3)
From the equation it can be explained that:

**1. Constant**

The constant value in the regression equation is 4.364748 indicating that if the independent variable is 0 or there is no addition (constant), then the Audit Report Lag variable has a value of 4.364748.

**2. Auditor Reputation**

Auditor's Reputation Constant shows that there is a positive direction between Auditor's Reputation and Audit Report Lag. So if the Auditor's Reputation variable increases by one unit, then the Auditor's Reputation variable will increase by 0.029264 with the provisions of other variables being constant, and vice versa.

**3. Company Age**

The Firm Age Constant shows that there is a positive direction between Firm Age and Audit Report Lag. So, if the Company Age variable increases by one unit, then the Company Age variable will increase by 0.009143 with the provisions of other variables being constant, and vice versa.

**4. Financial Distress**

The Financial Distress constant shows that there is a negative direction between Financial Distress and Audit Report Lag. So if the Financial Distress variable increases by one unit, the Financial Distress variable will decrease by -0.135263 with the provisions of other variables constant, and vice versa.

#### 4.4.2 Coefficient of Determination Test Results (R2)

| | | | |
|---|---|---|---|
| R-squared | 0.675506 | Mean dependent var | 4.314016 |
| Adjusted R-squared | 0.545708 | S.D. dependent var | 0.212723 |
| S.E. of regression | 0.143378 | Akaike info criterion | -0.805140 |
| Sum squared resid | 0.925071 | Schwarz criterion | -0.164222 |
| Log likelihood | 44.76449 | Hannan-Quinn criter. | -0.552650 |
| F-statistic | 5.204298 | Durbin-Watson stat | 1.776282 |
| Prob(F-statistic) | 0.000004 | | |

From the table above, the results of this study indicate that the adjusted R-squared is 0.545708 This shows that it is 54.57%. This means that Auditor Reputation, Company Age, and Financial Distress have a proportion of Audit Report Lag of 54.57% while the remaining 45.43% (100.00%-54.57%) is influenced by other variables that are not in this study.

### 4.4.3 F Test Results (Simultaneous)

| | | | |
|---|---|---|---|
| R-squared | 0.675506 | Mean dependent var | 4.314016 |
| Adjusted R-squared | 0.545708 | S.D. dependent var | 0.212723 |
| S.E. of regression | 0.143378 | Akaike info criterion | -0.805140 |
| Sum squared resid | 0.925071 | Schwarz criterion | -0.164222 |
| Log likelihood | 44.76449 | Hannan-Quinn criter. | -0.552650 |
| F-statistic | 5.204298 | Durbin-Watson stat | 1.776282 |
| Prob(F-statistic) | 0.000004 | | |

Based on the table above, it shows that the Fcount value is 5.204298 while Ftable with a significance level of 0.05 and df1 (k1) = 4-1 = 3 and df2 (n-k) = 64-3 = 61, Ftable 2.76 is obtained. Thus Fcount > Ftable (5.204298 > 2.76) that the independent variable has an influence on the dependent variable, the significant level in the table is 0.000004 < 0.05, then H0 is accepted and H1 is rejected. So it can be concluded that Auditor Reputation, Company Age, and Financial Distress affect the Audit Report Lag.

### 4.4.4 T-Test Results (Partial Test)

Based on the table in the linear equation regression model, it can be seen that:

Cross-section random effects test equation:
Dependent Variable: Y
Method: Panel Least Squares
Date: 09/12/21 Time: 13:24
Sample: 2017 2020
Periods included: 4
Cross-sections included: 16
Total panel (balanced) observations: 64

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 4.364748 | 0.455068 | 9.591418 | 0.0000 |
| X1 | 0.029264 | 0.148663 | 0.196847 | 0.8448 |
| X2 | 0.009143 | 0.018652 | 0.490179 | 0.6264 |
| X3 | -0.135263 | 0.065976 | -2.050187 | 0.0462 |

**1. Auditor's Reputation on Audit Report Lag**

From the table above, Tcount is 0.196847 when compared to ttable at a significant level of 0.05 df = (n-k-1) = (64-3-1) = 60 which is 1.67065, then tcount 0.196847 is smaller than ttable or 0.196847 < 1.67065. The significant probability value of 0.8448 also shows a value greater than the value at the predetermined significance level, namely 0.05 (0.8448 > 0.05), then H1 is accepted and H0 is rejected. Thus, it can be concluded that the Auditor's Reputation variable has no effect on the Audit Report Lag.

**2. Age of the Company on Audit Report Lag**

From the table above, tcount is 0.490179 when compared to ttable at a significant level of 0.05 df = (n-k-1) = (64-3-1) = 60 which is 1.67065, then tcount is 0.490179 smaller than ttable or 0.490179 < 1.67065. The significant probability value of 0.6264 also shows a value greater than the value at the predetermined significance level, namely 0.05 (0.6264 > 0.05), then H1 is accepted and H0 is rejected. Thus, it can be concluded that the Firm Age variable has no effect on the Audit Report Lag.

**3. Financial Distress on Audit Report Lag**

From the table above, tcount is -2.050187 when compared to ttable at a significant level of 0.05 df = (n-k-1) = (64-3-1) = 60 which is 1.67065, then tcount -2.050187 is greater than ttable -2.050187 > 1.67065. The significant probability value of 0.0462 also shows a value greater than the value at a predetermined significance level of 0.05 (0.0462 < 0.05), then H0

is accepted and H1 is rejected. Thus, it can be concluded that the Financial Distress variable has an effect on the Audit Report Lag.

**4.5 Results of Analysis and Discussion**

**4.5.1 Auditor Reputation, Company Age, and Financial Distress influence simultaneously (simultaneously) on Audit Report Lag.**

Based on table 4.12 above, it shows that the Fcount value is 5.204298 and the significant level in the table is 0.000004 that the independent variable has an influence on the dependent variable. So it can be concluded that Hypothesis H1 is accepted or in other words Auditor Reputation, Company Age, and Financial Distress simultaneously affect the Audit Report Lag.

**4.5.2 Effect of Auditor's Reputation on Audit Report Lag**

Because the significance level is greater than 0.05, the hypothesis H2 is rejected, it can be concluded that the Auditor's Reputation has no effect on the Audit Report Lag.

The results of the study show that the KAP auditing the company, both big four KAP and non-big four KAP does not affect the time period for submitting financial statements by the company. This is because in line with increasingly fierce competition, all KAPs, both affiliated with the big four and those not affiliated with the big four, of course always try to show high professionalism. Thus, the reputation of the auditor is not only based on the big name of the KAP, but also on the quality of the audit produced by the KAP. In addition, a KAP with a good reputation may not necessarily be able to shorten the audit time because an auditor with a good reputation has a professional attitude and high independence by improving audit risk management to avoid errors in misstatement of financial statements and errors in giving an audit opinion (Arumningtyas and Ramadhan, 2019.

**4.5.3 Effect of Company Age on Audit Report Lag**

Because the significance level is greater than 0.05, the hypothesis H3 is rejected, it can be concluded that Company Age has no effect on Audit Report Lag.

According to Aristika, et al (2016), companies that have been listed for a long time cannot be a reference that the company is able to have a short Audit Report Lag. Companies that have been established for a long time are generally followed by the larger the company's operations, the greater the level of complexity of the company with its many branches and subsidiaries, this will make the auditors need more time for the process of collecting and verifying data so as to extend the Audit Report Lag. Vice versa, young companies have a low level of complexity, they want to establish a good reputation in the eyes of the public and investors by submitting financial reports in a timely manner. However, even young companies may have a long audit report lag because they do not have experience in presenting financial statements. Every company, both long-established and newly established, has a sense of responsibility in delivering information to interested parties in a timely manner (Sitorus, 2017).

**4.5.4 Effect of Financial Distress on Audit Report Lag.**

Because the significance level is less than 0.05, the hypothesis H4 is accepted, it can be concluded that Financial Distress has a negative effect on Audit Report Lag.

The direction of the regression coefficient shows a negative result. This proves that even though the company has a low Z-score, the company can still issue audited financial statements on time or in other words, companies experiencing financial distress will not affect market sentiment so that it does not hinder the company in submitting financial statements. Even the Audit Report Lag can be shorter because the company is indicated to be in financial difficulty, this is bad news for the principals so that the company as an agent will try to provide good news so as not to worsen the situation and also maintain the company's image by asking the auditors to speed up the Audit Report Lag (Himawan, 2020).

## 5. CONCLUSION

By looking at the results of the research that has been discussed, the following conclusions can be drawn:

1. Auditor Reputation, Company Age, and Financial Distress variables have a simultaneous effect on Audit Report Lag in goods and consumption industry sub-sector companies listed on the Indonesia Stock Exchange in 2017 – 2020.
2. Auditor Reputation Variable has no effect on Audit Report Lag in goods and consumption industry sub-sector companies listed on the Indonesia Stock Exchange in 2017 – 2020.
3. The variable age of the company has no effect on the Audit Report Lag in the goods and consumption industry sub-sector companies listed on the Indonesia Stock Exchange in 2017 – 2020.
4. Financial Distress variable has a negative effect on Audit Report Lag in goods and consumption industry sub-sector companies listed on the Indonesia Stock Exchange in 2017 – 2020.

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