Impact of Audit and Financial Factors on Audit Report Lag: Evidences from Indonesian Local Government

Andy Dwi Bayu Bawono[1]*, Noer Sasongko[1], Mustofa[2]

[1] Associate Professor of Accounting Magister Post Graduate School Muhammadiyah University Surakarta

[2] Student of Accounting Magister Post Graduate School Muhammadiyah University Surakarta

*email: andy.bawono@ums.ac.id

ABSTRACT

Financial report relevance, which is one of the qualitative features of financial reports, can be affected by audit report lag. Less pertinent is the audited financial report of a local government the longer the audit report is delayed. Thus, the user of a local government financial report may experience negative consequences. This study's objective was to examine empirical evidence about the influence of audit results, auditor switches, local government size, leverage, and profitability on local government audit report lag in Indonesia. This study utilized 506 out of 514 local governments (districts and cities) in Indonesia during 2017 and 2018, with a total sample size of 1,012. This study utilized secondary data collected from 2017 to 2018 audit reports of the Supreme Audit Institute – SAI (BPK). The data was collected from the electronic database services of the Information and Documentation Executive Authority (E-PPID) at http://e-ppid.bpk.go.id. The Purposive Sampling Technique was used to acquire the sample, and the data was analyzed using Ordinary Least Squares (OLS). According to the research, audit findings, local government size, and leverage influenced local government audit report latency, but auditor changes and profitability had no significant effect. Many variables, including audit opinion, audit quality, auditor experience, the quantity of capital expenditures, special allocation funds received by local government, and the qualifications of the local government report compiler, might be investigated further. In addition, splitting municipal governments depending on island location would provide for an intriguing extra audit report lag study.

INTRODUCTION

Being a responsibility of regional finance, local government financial reports demonstrate transparent and accountable financial management. Local government financial reports are especially helpful for determining the value of economic resources used to administer government operational activities, assessing financial condition, evaluating the effectiveness and efficiency of particular local governments, and determining compliance with Indonesian law and regulations (Indonesia, 2010).

According to Government Regulation (GR) No. 12 of 2019 on Local Financial Management, local governments are required to produce and disclose their Local Government Financial Statements for accountability reasons no later than three months following the end of the fiscal year. The subsequent step is to submit the financial report to The Supreme Audit Institute (BPK) for auditing. After obtaining the report for at least two months, this procedure should be finished. Upon completion of the audit report, the head of local government submits to The Regional House of Representatives the plan of regional regulations governing regional budgeting accountability, along with the financial report audited by The Supreme Audit Institution (SAI/BPK) at least six months after the end of the fiscal year (Indonesia, 2019).

The SAI (BPK) audit is an integral aspect in managing and justifying governmental finances. In accordance with UUD 1945, the Supreme Audit Institution (SAI/BPK) and other government entities are responsible for promoting the attainment of state objectives. It is achieved through organizing and justifying studies independently and freely. The purpose of the examination of the management and justification of public finances is to create a government devoid of corruption, collusion, and favoritism (BPK, 2017). The SAI/BPK of the Local Government Financial Report has not been completed on time, despite the fact that this has been explicitly mentioned in a rule, as evidenced by the audit report provided.

Typically, audit report lag, or audit delay in some studies, is defined as the time between the end of the accounting period and the publication of the audit result report. The audit report lag is determined by comparing the date of the financial report statement, which is December 31, to the date of the audit report statement. The discrepancy represents the total number of days referred to as audit report lag (Obradović et al., 2018). The local government audit report lag is the interval between the conclusion of the accounting period or fiscal year and the publishing of the Audit Result Report by The SAI/BPK towards the Local Government Financial Report.

Audit report latency may impact financial report relevance, which is one of the qualitative elements of financial reports. The longer the local government audit report lag, the less relevant the audited financial report becomes, which has the potential to have a negative influence on local government financial report users. The significance of audit report lag stems from the fact that a shorter audit report lag makes it feasible to present financial reports on time and facilitates the decision-making process (Junior et al., 2020). A timely audit report will boost consumers' confidence in their ability to make sound judgments (Muhammad, 2020).

This study focuses on local government audit report latency, which has been the subject of comparatively few investigations in comparison to private sector audit report lag studies. In addition, although there are numerous researchs on audit report lag in the private sector, the conclusions of the effect variables vary.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Agency Theory

According to Gustavson & Sundström, (2018), audit in public sectors is depicted theoretically as a principal-agent relationship, as defined by Jensen dan Meckling, (1976) Citizens, as the highest agent, entrust political representatives with the responsibility of managing public affairs. Then, political representatives delegate to public authorities the administration of public affairs (agent). Therefore, the necessity for audits and controls on the performance of public bodies grows.

According to the agency theory, there would be an information asymmetry because the government has more information about the resources it owns in the form of Regional Budgeting than citizens have.

This mismatch makes corruption and irregularity by governments as agents conceivable (Rini & Damiati, 2017).

As a result of agency issues, the government must be audited to ensure that regional finances are managed in accordance with applicable rules and regulations. The SAI (BPK) conducts financial audits and government performance audits in an effort to promote good governance (BPK, 2017).

Audit conducted by The SAI/BPK encourages a good state financial management to reach state objectives by enhancing accountability, transparency, economy, efficiency, and effectiveness in managing and justifying state finances in the form of constructive recommendations and effective follow-up, and by enhancing public confidence in audit results conducted by The SAI/BPK (BPK, 2017).

Institutional Theory

The central tenet of organizational theory is that institutions shape organizations. Organization is a social structure whose form is impacted by its symbolic system, culture, and the broader social context in which it exists. (Gudono, 2017).

Karlina et al., (2018), Meyer dan Scott (1983) claimed that the organizational structure was not only defined by the job environment but was also influenced by the overall social context. In other words, legitimacy, effectiveness, and rationality in relation to the society influenced the organizational structure.

Being an organization or government agency, local government will always be subject to the authority and supervision of society. Existence of regulations requiring local governments to provide accountability reports on government management on time demonstrates this. Also, in order to promote public confidence, The SAI/BPK must audit this report

Previous Studies

There were several studies on audit report lag in the private sector in Indonesia and overseas, but there were few studies on audit report lag in the public sector. Several studies on factors influencing audit report lag in the Indonesian private sector done by Fujianti & Satria, (2020) for manufacture industry; Wiyantoro & Usman, (2018); Handoyo & Maulana, (2019) dan Irman et al., (2020) for financial and banking industry.

Meanwhile, Studies on audit report lag in the international private sector were conducted by Akingunola et al., (2018), Obradović et al., (2018), Aldoseri et al., (2020), Stanley et al., (2020)Ordinary Least Square (OLS, Al-Qublani et al., (2020)KLSE and Al-Ebel, (2020) for industries in general; Ukoma, (2020)"container-title":"Journal of African Studies and Sustainable Development","ISSN":"2630-7065 (Print and Omer et al., (2020)the internal board committees formed by the board of directors can reduce the audit work and, consequently, reduces the audit report lag. A key committee is the risk management committee. This paper examines whether the combination of risk management and audit committee functions are associated with audit report lag. We posit that a combination of such functions in one committee refereed as audit committee affects the audit report delay. Data were obtained from 198 manufacturing companies listed on the Saudi Stock Exchange (Tadawul for manufacture industry; Lai, (2019) and Muhammad, (2020) for service industry; Warrad, (2018), and Kaaroud et al., (2020) for financial and banking industry.

In the interim, only a handful of research, among others, have been conducted on factors that may influence audit report delays in the public sector. Several researchers for instance Karlina et al., (2018) and Vertiarani & Halim, (2019) studied about audit report lag in local government. This study differed from its predecessors in that it expanded on their findings and investigated a new variable, namely profitability and the location of study.

Hypotheses Development

On the basis of the theoretical discussion utilized as the study's foundation, the results of prior studies pertinent to the topic under inquiry were described conceptually so that hypotheses could be formulated. An auditor was required to examine the internal control system and its regulations in order to get sufficient confidence in the accuracy of financial reports. This may affect the delay of an audit report. When there were minimal audit findings, it might be claimed that the local government's financial report was managed with solid corporate governance, resulting in a short audit report leg. In contrast, when there were numerous audit findings,

auditors continued to audit the evidence and determine if there were duplicate findings, which could lengthen the audit report lag. Result of study done by Karlina et al., (2018) found out evidence that audit findings influenced audit report lag. Based on that description, hypothesis developed was as follow:

H₁: Audit findings influenced local government audit report lag.

Audit process on local government financial report with changing of auditor team from The SAI (BPK) prompted auditors to take additional time to understand the characteristics of the local government being audited, hence extending the team's completion time. Result of Aryandra & Mauliza's, (2018) study proved that auditor changing influenced audit report lag. Based on this description, the following hypothesis was developed:

H₂: Auditor switches influenced local government audit report lag .

Large and established local governments tended to have a strong information technology system, an adequate number of accountants, a robust internal control system, and rigorous audits. (Tullah et al., 2019). Vertiarani & Halim, (2019) research demonstrated that the size of local government affected local government audit report lag. While studies done by Akingunola et al., (2018), Warrad, (2018), Fujianti & Satria, (2020), Kaaroud et al., (2020), Al-Qublani et al., (2020)KLSE in the private sector, it was discovered that business size affected audit report delays. Based on this description, the following hypothesis was developed:

H₃: Local government size influenced local government audit report lag.

A high debt-to-equity ratio indicates an increase in local government's financial risks. High financial risk heightens audit risks and necessitates additional auditing, which may delay audit report lag. Result of Vertiarani & Halim's study, (2019) proved that leverage influenced local government report lag. While Omer's et al., (2020)the internal board committees formed by the board of directors can reduce the audit work and, consequently, reduces the audit report lag. A key committee is the risk management committee. This paper examines whether the combination of risk management and audit committee functions are associated with audit report lag. We posit that a combination of such functions in one committee refereed as audit committee affects the audit report delay. Data were obtained from 198 manufacturing companies listed on the Saudi Stock Exchange (Tadawul study proved that leverage influenced audit report lag in private sector companies. Based on that description, hypothesis developed was as follow:

H₄: Leverage influenced local government audit report lag

In this study, profitability was determined by LO surplus/deficit in each operational report from local governments. LO Surplus/deficit demonstrated the effectiveness of local government in utilizing local revenue to finance local operations. The greater the local government's surplus, the more effective the local government, which can reduce audit report lag, and vice versa. Study by Akingunola et al., (2018), Handoyo & Maulana, (2019); Fujianti & Satria, (2020); Al-Qublani et al., (2020)KLSE; and Irman et al., (2020) provided evidence that audit report latency in the private sector is driven by profitability. Based on this description, the following hypothesis was developed:

H₅: Profitability influenced local government audit report lag

METHODOLOGY

In this analysis, all Indonesian districts and cities were included in terms of population. There were 416 districts and 98 cities in 34 provinces and 7 islands in Indonesia, for a total of 514 districts/cities. This study utilized secondary data from The Report of Audit of The SAI (BPK) year 2017-2018 gathered from the Information and Documentation Executive Authority's electrical services (E-PPID) on http://e-ppid.bpk.go.id. Using a method of purposive sampling, 506 districts/cities met the criteria for this study's sample.

Table 3.1 Result of Data Collecting

Sample Criteria	District	City	Total
Total districts/cities in Indonesia	416	98	514
Districts/cities with incomplete data Audit Result Report BPK year 2017 – 2018	3	5	8
Districts/cities met sample criteria	413	93	506
Data met sample criteria during study period (506 x 2 year)			1.012

In this study, independent variable, dependent variable with definision dan its measurement were as follow :

Table 3.2. Operational Definition and Variable Measurement

Variable	Type	Operational Definition	Measurement
Audit Report Lag (ARL)	Dependent	Audit Report Lag is a time span between the end of accounting period and the publication of audit result report.	Measured by comparing the date of financial report, which is December 31 with the date of audit report. The difference shows the number of days known as audit report lag (Obradović et al., 2018).
Audit Findings (AS)	Independent	Audit findings is the result of audit by The SAI (BPK) that show audit findings both on internal controls and disobedience of laws.	Measured by using the total number of audit findings found during audit process by The SAI (BPK) that show audit findings both on internal controls and disobedience of laws.
Auditor Switches (AS)	Independent	Auditor Switches is the changing of auditor team that audits toward local government financial report from the previous year to the current year.	Measured by using dummy variables: 1. When there is auditor switch during audit process from the previous year to the current year, score 1 is given. 2. When there is no auditor switch during audit process from the previous year to the current year, score 0 is given.
Local Government Size (SZ)	Independent	Local Government Size describes the size of local government as big or small.	Based on the value of total asset in the balance sheet.
Leverage (LV)	Independent	Leverage ratio is an indicator of local government ability to fulfill its responsibility.	Debt-to-Assets Ratio = Total debt / Total asset
Profitability (PF)	Independent	Profitability is the ability of local government in gaining surplus in managing operational local government related to local revenue and local operation burden.	LO surplus/deficit value in Operational Statement.

This study employed descriptive statistics, classical assumption testing, and hypotheses testing to explain data characteristics and assess proposed hypotheses.

RESULTS

Descriptive Statistics

The purpose of descriptive statistics testing was to characterize the distribution and behavior of the data sample. The test consisted of calculating each data sample's mean, median, standard deviation, maximum, and minimum. The outcomes of descriptive statistics testing are presented in the table 4.1.

In table 4.1, descriptive statistics testing revealed that from 2017 to 2018, the ARL variable had a minimum value of 74 days and a maximum value of 227 days, with a mean of 145,292 days, indicating that data from the ARL variable was typically in 145,292 days. The standard deviation was 16,128 days, which meant that when there was a mean deviation, the figure could not be greater than or less than -16,128 days. The fact that the standard deviation of the ARL variable was less than its mean indicated that the data for this variable were same.

Audit findings (AF) variable indicated a minimum of 4 findings, a maximum of 30 findings, a median of 13 findings, and a mean of 13,864 findings, indicating that data from audit findings (AF) variable typically lied on 13,864 findings. The standard deviation (std. dev) was 4,356; so, while there was a mean of deviation, the number was not greater than 4,356 or less than -4,356. The fact that the value of standard deviation audit findings (AF) was less than its mean indicated that this variable did not contain data that varied from one instance to another.

Table 4.1 The Result of Descriptive Statistics Testing

	ARL	AF	AS	SZ	LV	PF
Mean	145,292	13,864	0,610	3,200 trillion	0,020	146,000 billion
Median	143,000	13,000	1,000	2,210 trillion	0,009	120,000 billion
Maximum	227,000	30,000	1,000	42,800 trillion	0,999	2,290 trillion
Minimum	74,000	4,000	0,000	586,000 billion	0,000	-1,120 trillion
Standar Deviasi	16,128	4,356	0,488	3,900 trillion	0,066	208,000 billion
Observations	1.012	1.012	1.012	1.012	1.012	1.012

Source: Data processed (2021)

Auditor switches (AS) variable had a minimum value of 0 and a maximum value of 1, with a median value of 1 and a mean value of 0.610, indicating that the data from Auditor switches (AS) variable often centered about 0.610. The standard deviation (std. dev) was 0.488, indicating that while there was a mean of deviation, the number was neither greater than 0.488 nor less than -0.488. The fact that the value of standard deviation auditor switches (AS) was less than its mean indicated that this variable did not contain data that varied from one instance to another.

Local government size (SZ) variable had a minimum value of 586 billion, a maximum value of 42,8 trillion, a median value of 2,21 trillioun, and a mean value of 3,2 trillion, indicating that its data tended to lie on 3,2 trillion. The standard deviation (std. dev) was 3,9 trillion, which means that when there was a mean of deviation, the value was between 3,9 trillion and – 3,9 trillion. The standard deviation of the local government size (SZ) variable was greater than its mean, indicating that this variable contained data that varied from one instance to another.

Leverage (LV) variable had a minimum value of 0 and a maximum value of 0,999, a median value of 0,009, and a mean value of 0,020, indicating that leverage (LV) variable data frequently entered or lied on 0,020. The standard deviation (std. dev) was 0.066, which meant that when there was a mean deviation, the value was between 0.066 trillion and -0.066 trillion. The value of the standard deviance leverage

(LV) variable was greater than its mean, indicating that this variable contained data that varied from instance to instance.

Profitability (PF) variable had a minimum value of -1,120 trillion, a maximum value of 2,291 trillion, a median value of 120 billion, and a mean value of 146 billion, indicating that data from profitability (PF) variable was centered on or centered on 146 billion. Standard deviation (std. dev) was 208 billion, which meant that when there was a mean deviation, the value could not be greater than 208 billion or less than -208 billion. The value of the standard deviation profitability (PF) variable was greater than its mean, indicating that it contained data that varied from one instance to the next.

Classical Assumption Testing

This research was conducted through testing phases and without the standard assumptions of multicollinearity, autocorrelation, heteroskedasticity, and normality.

Hypotheses Testing

This investigation was conducted through testing stages and was devoid of conventional assumptions such as multicollinearity, autocorrelation, heteroskedasticity, and normality; hence, OLS analyses were appropriate for testing hypotheses. The outcome of this exam was displayed in the table below

Table 4.2 Result of Hypotheses Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	140,8342	1,826757	77,09520	0,0000
AF	0,321719	0,115876	2,776410	0,0056
AS	0,799434	1,030991	0,775403	0,4383
SZ	-4,67E-13	1,43E-13	-3,276500	0,0011
LV	18,72592	7,625739	2,455621	0,0142
PF	4,29E-12	2,67E-12	1,603797	0,1091

Source: Data processed (2021)

Based on the data above, the regression equation was:

$$ARL = \alpha + \beta_1(AF) + \beta_2(AS) + \beta_3(SZ) + \beta_4(LV) + \beta_5(PF) + e$$

$$ARL = 140,8342 + 0,321719AF + 0,799434AS - 4,67E\text{-}13SZ + 18,72592LV + 4,29E\text{-}12PF + e$$

Note:
ARL   : audit report lag
AF   : audit findings
AS   : auditor switches
SZ   : local government size
LV   : leverage
PF   : profitability

Result of coefisien determinan (R^2) testing was shown in the following table.

Table 4.3 Result of Coefisien Determinan (R^2) Testing

Model	R-squared	Adjusted R-squared	S.E. of regression
1	0,023807	0,018955	15,97397

Source: Data processed (2021)

Testing revealed an R-Squared value of 0.023807 and an adjusted R-Square value of 0.018955, indicating that the variation of audit report lag dependent variable explained by Audit Findings (AF), Auditor Switches (AS), Local Government Size (SZ), leverage (LV), and Profitability (PF) was 1,8955%. The remaining 98,1045% was explained by variables outside the scope of the study.

Result of Simultaneous Significance (F test) Test was shown in the following table.

Table 4.4 Result of Simultant Significance Testing

F-statistic	Prob(F-statistic)
4,906780	0,000192

Source: Data processed (2021)

The above table showed that the value of F-statistic was 4,906780 with p value or Prob (F-statistic) 0,000192 < 0,05. This meant that together, all independent variables influenced dependent variable.

Result of partial significance or t-test was shown in the following table

Table 4.5 Result of Partial Significance Test (t-test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Conclusion
Constanta	140,8342	1,826757	77,09520	0.0000	
AF	0,321719	0,115876	2,776410	0,0056	Influence partially
AS	0,799434	1,030991	0,775403	0,4383	Didn't influence partially
SZ	-4,67E-13	1,43E-13	-3,276500	0,0011	Influence partially
LV	18,72592	7,625739	2,455621	0,0142	Influence partially
PF	4,29E-12	2,67E-12	1,603797	0,1091	Didn't influence partially

Source: Data processed (2021)

Audit findings, local government size, and leverage influenced audit report latency, although auditor changes and profitability did not..

DISCUSSION

Audit Findings and Audit Report Lag

Based on table 4.5, Hypothesis 1 (H1) was accepted, indicating that audit results by The SAI /BPK had a beneficial effect on the latency of local government audit reports. It may be argued of a local government with minimal audit findings that its financial report was prepared by a competent corporate government, thereby reducing the audit report lag. In contrast, for a local government with a large number of audit findings, the auditor did further evidence checks to determine if there were repeated findings that could lengthen audit report lag.

The SAI/BPK should be cautious in assessing and evaluating findings, particularly those indicating crime/loss in the management of public finances, and extend the audit report lag. In addition, The SAI/BPK should create audit paperwork to provide clear and adequate information. Via this documentation, character, time, scope, the outcome of the audit procedure, supporting evidence for the findings, conclusion, and audit recommendation, as well as the reasons for them, were all necessary for reaching a professional judgment and conclusion.

The result of this study was in line with a study done by Karlina et al., (2018) that found out empirical evidence in which audit findings influenced audit report lag.

Auditor Switches and Audit Report Lag

Hypothesis 2 (H2) was rejected based on table 4.5, indicating that auditor switches by The SAI (BPK) did not effect local government audit report latency. Due to the fact that the teams that examined local government financial reports had comparable levels of experience and professional competence, team changes throughout an audit did not significantly impact the audit's process or duration.

In addition, The SAI/BPK had a Financial State Auditing Standard that became a mandatory document. The SAI/BPK exerted considerable effort to meet the audit date stipulated in Government regulation No. 12 of 2019 on Regional Financial Management, i.e. at least 2 (two) months after receiving the financial report from the local government.

This study's findings were consistent with those of Aryandra & Mauliza, (2018), who found empirical evidence that audit switch did not significantly affect audit report latency in the property and real estate industry.

Local Government Size and Audit Report Lag

Based on table 4.5, Hypothesis 3 (H3) was confirmed, indicating that the size of the local government negatively influenced the audit report latency. It meant that audit duration was proportional to the size of the local government. Large municipal governments tended to have a solid accounting information technology system, a good and sufficient number of accountants, a robust internal control system, and strong oversight (Tullah et al., 2019). The residents of a large local government have complex problems and a high demand for public service. Large municipal governments also tended to have a greater number of organizations with a greater number of human resources that required a reliable accounting information technology system.

Small or medium-sized local governments, on the other hand, tended to have simpler needs, hence the need for accounting information technology systems was smaller. In addition, tiny local governments tended to have insufficient accountants, weak internal controls, and weak supervision, which made auditing take longer.

This result of study was in line with the studies done by Vertiarani & Halim, (2019) in public sector, as well as Akingunola et al., (2018); Warrad, (2018); Fujianti & Satria, (2020); Kaaroud et al., (2020); dan Al-Qublani et al., (2020)KLSE that found out empirical evidence in which the size of company in private sector influenced audit report lag.

Leverage and Audit Report Lag

Based on table 4.5, Hypothesis 4 (H4) was confirmed, indicating that local government leverage positively influenced audit report latency. This conclusion was rationally accepted given that a high leverage ratio indicated an increase in local government financing risks. This risk would raise audit risk, which would lengthen the time between audit reports.

A high leverage ratio may also result from the local government's high debt levels. Local government planning for the following year would be affected by a high debt burden, as funds would need to be allocated to pay off the debt incurred in the prior year. This circumstance could attract the notice of auditors and influence audit report delays.

The result of this study was in line with a study done by Vertiarani & Halim, (2019) in public sector, as well as Al-Qublani et al., (2020)KLSE dan Omer et al., (2020)the internal board committees formed by the board of directors can reduce the audit work and, consequently, reduces the audit report lag. A key committee is the risk management committee. This paper examines whether the combination of risk management and audit committee functions are associated with audit report lag. We posit that a combination of such functions in one committee refereed as audit committee affects the audit report delay. Data were obtained from 198 manufacturing companies listed on the Saudi Stock Exchange (Tadawul in private sector.

Profitability and Audit Report Lag

According on table 4.5, Hypothesis 5 (H5) was rejected, indicating that Profitability held by local government has no effect on local government report lag. The auditors did not pay substantial consideration to the profitability of local governments as evaluated by surplus/deficit-LO.

Given the fact that local government was not profit-driven but rather service-driven. Local government placed greater emphasis on the efficacy of public service than on its profitability.

This conclusion contradicted the findings of Irman et al., (2020)'s study, which revealed empirical evidence that profitability influenced audit report latency in private enterprises. There was a fundamental distinction between public sector and private sector profitability. When the company had a poor profit or even a loss, management had a tendency to avoid informing stakeholders by delaying the audit. In contrast, when the company made a substantial profit, management would share the news quickly by expediting the audit (Irman et al., 2020).

However, this study's findings were consistent with Al-Qublani et al., (2020)KLSE research, which indicated that profitability did not affect audit report latency in the private sector.

CONCLUSION, LIMITATION AND SUGGESTION

The purpose of this study is to investigate and discover empirical evidence about the influence of audit results, auditor shifts, local government size, leverage and profitability on local government audit report lag in Indonesia. Three of the five independent variables evaluated, namely audit results, size of local government, and leverage, were empirically proven to effect audit report lag,

however the other two variables, auditor shifts and profitability, did not influence audit report lag.

This study was limited by the fact that just five independent factors were examined over the course of two years, using data from the BPK Audit Report for 2017-2018, despite the fact that numerous independent variables may have been investigated. The researcher did not receive precise information regarding the moment each local government submitted its financial report to BPK. According to Government Ordinance No. 12 of 2019 regarding Regional Financial Management, BPK's audit of local government financial reports must be completed within two months of receiving the report.

In addition, the next study may include samples from more than two years to boost its representation. Factors or audit characteristics and financial factors or local government characteristics are additional independent variables that might be explored. Audit opinion, audit quality, and auditor experience are independent audit characteristics variables that can be investigated. The qualifications of the local government's financial report author, the number of budgets, and the special allocation funds obtained by the local government are examples of financial factors or local government characteristics. Local government division based on island location will be a fascinating topic of study due to the diversity of races and cultures across the Indonesian region, as well as the differences in managing government and human resources.

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