

Audit Report Lag in High and Low Risk Manufacturing Firms

Muhamad Rafli¹⁾, Dirvi Surya Abbas^{2*)}

^{1,2}.Department of Accounting, Universitas Muhammadiyah Tangerang - Indonesia

ARTICLE INFO	ABSTRACT
Received : 13 April 2026 Revised : 14 April 2026 Accepted : 21 April 2026 Publish: 30 April 2026 Keyword: Audit Report Lag Audit Fee Inherent Risk	This study examines the influence of audit fee, audit tenure, inherent risk, key audit matters, auditor switching, and audit committee meeting frequency on audit report lag (ARL). The sample is divided into high- and low-inherent-risk groups to explore potential differences. A quantitative approach using panel data regression is applied to manufacturing firms listed on the Indonesia Stock Exchange during 2022–2024. The Fixed Effect Model (FEM) is used for the overall sample, while the Random Effect Model (REM) is applied to the subsamples. The findings show that audit tenure, inherent risk, and auditor switching significantly reduce ARL. Audit fee has a positive but insignificant effect, while key audit matters and audit committee activity are not significant. Further analysis indicates differing patterns across risk groups. In low-risk firms, only audit fee significantly decreases ARL. In contrast, for high-risk firms, inherent risk and key audit matters are the only significant factors, although the overall model is not statistically significant. These results suggest that the determinants of ARL depend on contextual conditions, and commonly used variables may not sufficiently explain audit timeliness in high-risk corporate settings.

1. Introduction

Timely audited financial reporting is crucial to preserving the accuracy and applicability of financial data in Indonesia's capital market. "The time required for auditors to complete the audit process is represented by the audit report lag (ARL), which is the number of days between the end of the fiscal year and the release of the auditor's report" (Sunarsih et al., 2021). ARL directly affects the usefulness of financial statements for investors, creditors, and regulators. Delayed audit reports may reduce information relevance, increase information asymmetry, and weaken investor confidence, thereby potentially undermining capital market efficiency (Handayani & Trisnawati, 2024; Hendrawati et al., 2025). The issue of audit report lag becomes more critical in the manufacturing sector due to its distinctive operational characteristics. Manufacturing firms generally deal with large inventory balances, complex production processes, multiple cost allocations, and significant accounting estimates, all of which increase audit complexity and inherent risk. These circumstances require more thorough audit methods and expert judgment, which might increase the audit's completion time. In reality, number of industrial companies that are listed on the Indonesia Stock Exchange have been subject to regulatory warnings and punishments due to their failure to present audited yearly financial statements on time. This phenomenon indicates that ARL in manufacturing

firms is not merely a technical audit issue, but a material problem affecting regulatory compliance and capital market credibility (Hendrawati et al., 2025).

Previous empirical research on Indonesia's audit report latency has produced conflicting and unclear results. With a focus on financial sector firms, Sijabat & Pangaribuan (2023) "find that audit fees significantly impact audit report lag, while audit tenure and auditor switching do not". This suggests that audit timeliness is more strongly associated with audit effort than with auditor-client familiarity. On the other hand, audit fees and audit tenure decrease audit report latency, according to Pakpahan & Abbas (2025), who looked at manufacturing and real estate companies. Auditor switching, on the other hand, raises it, highlighting the significance of auditor experience and learning consequences. According to Handayani & Trisnawati (2024), "audit tenure has no discernible impact on audit report latency in manufacturing enterprises, but audit opinion and governance-related issues do". Building on this governance aspect, the frequency of audit committee meetings serves as a critical internal oversight mechanism. Regular meetings enable the committee to rigorously monitor the financial reporting process and resolve potential accounting disputes promptly, which theoretically accelerates audit completion. More recently, Fitri & Azmiyanti (2025) looked at audit-related factors like key audit matters, audit opinion, audit fee, and audit firm reputation. They found a variety of effects on audit report lag, further demonstrating that the factors influencing audit report lag are still context-dependent and ambiguous. These conflicting results emphasize the need for more research in certain risks and industrial scenarios.

From a state-of-the-art perspective, most ARL studies in Indonesia rely on pooled samples and treat inherent risk merely as a control variable, limiting insights into how varying risk levels shape audit behavior in complex sectors like manufacturing. Furthermore, existing literature rarely integrates recent mandatory disclosures like Key Audit Matters (KAM) with traditional audit determinants (audit fee, audit tenure, auditor switching) and internal governance dynamics (audit committee meeting frequency) within a single analytical framework.

To address this comprehensive gap, this study investigates the impact of these combined factors on audit report lag in listed Indonesian manufacturing firms. The primary novelty of this research lies in positioning inherent risk as a situational variable rather than a control, explicitly comparing ARL determinants between high-risk and low-risk environments to capture distinct audit behaviors.

By combining agency theory and audit risk theory, this research offers both theoretical advancements and practical insights. The findings are anticipated to help manufacturing companies enhance audit readiness, assist auditors in optimizing resource allocation, and support regulators in developing risk-based oversight mechanisms to improve financial reporting timeliness.

2. Literature Review and Hypothesis Development

2.1 Literature Review

2.1.1 Audit Report Lag

The examination of audit report lag captures the timeliness of audited financial statements and is essential in mitigating information asymmetry between management and stakeholders. Audit report lag refers to the time interval between a company's fiscal year-end, typically on December 31, and the date when the independent auditor signs and issues the audit report in the annual report (Alqaraleh & Nour, 2020). A longer ARL may indicate increased audit complexity, higher risk, or inefficiencies in the audit process, whereas a shorter ARL suggests effective monitoring and efficient audit execution.

From an agency perspective, auditors act as monitoring mechanisms to mitigate conflicts of interest between principals and agents (Jensen & Meckling, 1976). In this context, ARL reflects the effectiveness of the audit process in reducing information asymmetry. In addition, signaling theory

posits that the timing of audit reports conveys information to the market regarding firm risk and audit quality (Spence, 1973). Within this framework, audit-related characteristics and firm risk conditions are expected to influence ARL.

2.2 Hypothesis Development

This study formulates hypotheses based on agency theory, signaling theory, and previous research to analyze the factors influencing audit report lag

2.2.1 Audit Fee and Its Impact on Audit Report Lag

Audit fees reflect the remuneration received for audit services and are often used as indicators of audit effort and quality. From an agency theory viewpoint, higher fees enable auditors to devote more resources and perform the audit more efficiently, which may shorten ARL. However, audit risk theory argues that higher fees can also signal greater complexity and risk, potentially leading to longer audit completion time. Empirical evidence remains mixed. Khamisah et al. (2023) and Baatwah et al. (2024) find that higher audit fees are associated with shorter ARL, indicating efficiency gains. In contrast, Fitri & Azmiyanti (2025) report a positive association, suggesting that higher fees reflect more complex audit engagements requiring longer audit procedures. Therefore, the study proposes the following hypothesis:

H1: Audit fee effects on Audit fee effects on audit Report lag.

2.2.2 Audit Tenure and Its Impact on Audit Report Lag

The term “audit tenure” refers to the length of the relationship between the auditor and the client, which influences the auditor’s understanding of the client’s operations and accounting practices. According to agency theory, longer audit tenure enhances auditor knowledge and reduces information asymmetry, thereby improving audit efficiency and shortening ARL. Conversely, prolonged tenure may impair auditor independence, potentially reducing audit effectiveness. Prior studies document inconsistent findings. Pakpahan & Abbas (2025) find that longer audit tenure shortens ARL, while Rachman & Astri (2024) and Karina Surya Yulianingtias & Iwan Triyuwono (2024) report no significant effect. Accordingly, this study proposes the following hypothesis:

H2: Audit tenure effects on audit Report lag

2.2.3 Inherent Risk and Its Impact on Audit Report Lag

Specifically, Hopkin (2017) defines inherent risk as the risk that arises even before any control activities are in place. Inherent risk reflects the degree to which financial statements are susceptible to material misstatements without considering internal controls. According to audit risk theory, higher inherent risk requires more comprehensive audit procedures, which increases audit effort and may lead to longer audit report lag (Arens et al., 2017; IAPI, 2021). From a signalling perspective, longer ARL in high-risk firms may signal thorough audit scrutiny to stakeholders. Empirical studies largely support a positive relationship between inherent risk and ARL (Patricia Septin Arini, 2024), although some studies report insignificant effects (Ni'Mah & Triani, 2021). On this basis, the following hypothesis is formulated:

H3: Inherent risk effects on audit Report lag

2.2.4 Key Audit Matters and Its Impact on Audit Report Lag

Key Audit Matters disclose areas of significant auditor judgment and audit complexity, thereby enhancing transparency and audit quality. Agency theory views KAM as a mechanism that strengthens monitoring by highlighting critical audit issues, while signalling theory suggests that KAM

conveys information about firm risk and audit rigor to stakeholders. However, identifying and reporting KAM may require additional audit procedures and documentation, potentially extending ARL. Empirical findings are mixed, with prior studies showing both positive relationships with ARL (Çiğer et al., 2025) and insignificant relationships (Fitri & Azmiyanti, 2025; Rahaman & Bhuiyan, 2025; Wahjono & Danardono, 2024). Conversely, Bella & Abbas (2025) document a negative effect, indicating that KAM disclosure may actually improve audit efficiency. Accordingly, the following hypothesis is developed:

H4: Key audit matters effect on audit Report lag

2.2.5 Audit Switching and Its Impact on Audit Report Lag

Auditor switching involves replacing the incumbent auditor, either voluntarily or mandatorily, and may affect audit efficiency due to learning and adjustment costs. From an agency theory perspective, newly appointed auditors need more time to gain an understanding of the client's operations, business processes, internal controls, and risk profile, which may lengthen ARL. Signalling theory also suggests that auditor switching can signal increased audit uncertainty to the market. Empirical findings are mixed. Neyza & Susilowati (2024) find a positive effect of auditor switching on ARL, while Pakpahan & Abbas (2025), Rante & Simbolon (2022), and Putri & Kusumawati (2025) document different findings, indicating that the effect of auditor switching on ARL is not consistent across studies. These mixed results highlight the contextual nature of auditor switching. Based on the dominant learning-cost argument, the following hypothesis is developed:

H5: Auditor switching effects on audit Report lag.

2.2.6 Audit Committee Meeting Frequency and Its Impact on Audit Report Lag

Audit committee meeting frequency indicates the level of internal oversight and the application of Good Corporate Governance (GCG). In Indonesia, POJK No. 55/POJK.04/2015 mandates that audit committees hold a minimum of four meetings each year. From an agency perspective, regular meetings keep committee members updated on accounting issues, enabling the prompt identification and resolution of audit problems. Consequently, this intensive and proactive oversight is theoretically expected to accelerate the audit process and minimize reporting delays.

Empirical evidence confirms a significant association between meeting frequency and reporting timelines. Lajmi & Yab (2022) and Kaaroud et al. (2020) document that audit committee meeting frequency significantly affects audit report lag. Their findings indicate that a higher volume of meetings reflects greater diligence in monitoring financial risks. However, this rigorous and thorough scrutiny can actually result in manufacturing firms requiring a longer duration to finalize their audited financial statements. Based on these considerations, the following hypothesis is developed:

H6: Audit committee meeting frequency effects on audit Report lag.

3. Research Methods

The impacts of audit fee, audit tenure, inherent risk, key audit matters, auditor switching, and audit committee meeting frequency on audit report latency in Indonesian listed manufacturing businesses are evaluated using a quantitative study approach based on archive data. Explanatory in nature, the study seeks to determine causal linkages between the independent factors and ARL as well as test hypotheses.

Manufacturing firms listed on the Indonesia Stock Exchange (IDX) between 2022 and 2024 make up the study object. All manufacturing companies that release yearly financial statements that have been audited by audit firms or qualified public accountants are included in the population. Businesses that did not have comprehensive data during the research period are not included.

Table 3.1 Sample Criteria

Description	Total
Population: Indonesian listed manufacturing firms	165
Sample selection based on criteria (purposive sampling):	
1. Firms excluded due to not publishing annual reports 2022-2024	(49)
2. Firms excluded due to incomplete data on variables (audit fee, audit tenure, inherent risk, KAM, auditor switching and audit committee meeting frequency)	(23)
Final Sample	93
Total Observations (n x research period) (93 x 3 years)	279

Source: Author 2026

Table 3.2 Variable Measurement

Variable	Measurement
Audit Report Lag (ARL)	ARL = Audit Report Date – Fiscal Year End Date (Che-ahmad & Abidin, 2001; Wulandari & Barokah, 2022)
Audit Fee (AF)	AF = Ln (Recorded Audit Fee) (Abdullatif et al., 2023)
Audit Tenure (TEN)	TEN = Number of consecutive years the auditor has served the client (Hoirul Fayyum et al., 2019; Mufidah & Laily, 2019)
Inherent Risk (IR)	$IR = \frac{\text{Profit}(t) - \text{Profit}(t-1)}{\text{Profit}(t-1)}$ (Ni'Mah & Triani, 2021; Suwarno, 2019)
Key Audit Matters (KAM)	KAM = Number of disclosed indicators (Abdullatif et al., 2023)
Auditor Switching (AS)	AS = 0 if no auditor change; 1 if auditor changed (Handoyo & Maulana, 2019)
Audit Committee Meeting Frequency (ACMF)	ACMF = Number of Audit Committee Meetings in a Year (Kaaroud et al., 2020)

3.1 Research Model

This study uses a panel dataset as its primary source. This study integrates cross-sectional data from various manufacturing firms with time-series data over the 2022–2024 period. The analysis is performed using EViews 12, allowing for efficient panel data regression.

This study applies a multiple linear regression approach to investigate the influence of audit fee, audit tenure, inherent risk, key audit matters, auditor switching and audit committee meeting frequency on audit report lag. Since inherent risk is treated as a situational variable rather than a moderator, moderated regression analysis (MRA) is not applied. The regression specification used in this research is shown below:

$$ARL = \alpha + \beta_1 AF_{it} + \beta_2 TEN_{it} + \beta_3 IR_{it} + \beta_4 KAM_{it} + \beta_5 AS_{it} + \beta_6 ACMF_{it} + \varepsilon$$

Where: ARL denotes audit report lag; α is the constant; β represents the regression coefficients; AF refers to audit fee; TEN denotes audit tenure; IR represents inherent risk; KAM refers to key audit matters; AS denotes auditor switching; ACMF denotes audit committee meeting frequency; i indicates firm; t indicates time period; and ε is the error term.

4. Results and Discussion

4.1 Statistic Descriptive

For each variable in this study, descriptive statistics provide an overview of the salient features of the sample data. The mean, median, minimum, and maximum values are shown in Table 4.1, as well as the standard deviation for Audit Report Lag (ARL), Audit Fee (AF), Audit Tenure (TEN), Inherent Risk (IR), Key Audit Matters (KAM), Auditor Switching (AS) and Audit Committee Meeting Frequency (ACMF).

Table 4.1 Descriptive Statistics

Variable	Obs	Mean	Median	Std. Dev	Min	Max
ARL	279	84.365	86.000	16.070	38.000	179.000
AF	279	20.338	20.212	1.325	18.133	24.303
TEN	279	1.788	2.000	0.797	1.000	3.000
IR	279	3.356	0.479	16.736	0.002	188.679
KAM	279	1.308	1.000	0.627	0.000	4.000
AS	279	0.133	0.000	0.338	0.000	1.000
ACMF	279	11.147	8.000	7.734	3.000	27.000

Source: EViews 12

The table above presents the descriptive statistics for the six variables used in this study: Audit Report Lag (ARL), Audit Fee (AF), Audit Tenure (TEN), Inherent Risk (IR), Key Audit Matters (KAM), Auditor Switching (AS), and Audit Committee Meeting Frequency (ACMF), based on 279 observations. The mean ARL is 84.37 days, indicating that, on average, Indonesian manufacturing firms take approximately 84 days to complete the audit process. Audit Fee (AF) has a mean of 20.34, reflecting moderate variation in auditor compensation among firms. Audit Tenure (TEN) shows a mean of 1.79 years, suggesting that auditors generally maintain relatively short engagements with their clients. Inherent Risk (IR) exhibits a high mean of 3.36 with a large range, reflecting substantial variability in operational and financial risk across firms. Key Audit Matters (KAM) has a mean of 1.31, indicating that, on average, auditors report one to two significant matters per audit. Auditor Switching (AS) has a mean of 0.13, showing that auditor changes are relatively infrequent in the sample. Meanwhile, Audit Committee Meeting Frequency (ACMF) has a mean value of 11.15, with a median of 8, a minimum of 3, and a maximum of 27, indicating that companies generally hold around 11 meetings per year.

These descriptive measures provide initial insight into the distribution and variability of the data, forming a foundation for subsequent correlation and regression analyses.

4.2 Result of Test

4.2.1 Panel Data Model Selection

Table 4.2 Summary of Panel Data Model Selection Results

	Prob	Result	Decision
Chow	0.0000	Prob < 0.05	FEM
Hausman	0.0002	Prob < 0.05	FEM

Source: EViews 12

The panel data model was selected using the Chow and Hausman tests. The Chow test (p-value $0.0000 < 0.05$) indicated that FEM is preferable to CEM, while the Hausman test (p-value $0.0002 < 0.05$) supported FEM over REM. As both tests confirmed FEM as the most appropriate model, the LM test was not required.

Table 4.3 High and Low Inherent Risk Group Panel Data Regression Model

Test	High IR Group			Low IR Group		
	Prob	Result	Decision	Prob	Result	Decision
Chow	0.0000	Prob < 0.05	FEM	0.0000	Prob < 0.05	FEM
Hausman	0.0827	Prob > 0.05	REM	0.5224	Prob > 0.05	REM
LM	0.0000	Prob < 0.05	REM	0.0000	Prob < 0.05	REM

Source: EViews 12

Model selection was conducted using the Chow, Hausman, and Lagrange Multiplier (LM) tests for both high and low inherent risk groups (Table 4.3). In the high-risk subsample, the Chow test ($p = 0.0000 < 0.05$) indicated FEM is preferred over CEM. However, the Hausman test ($p = 0.0827 > 0.05$) suggested REM is more suitable, which was further supported by the LM test ($p = 0.0000 < 0.05$). Therefore, REM was chosen as the best model.

For the low-risk subsample, similar results were found. The Chow test ($p = 0.0000 < 0.05$) favored FEM over CEM, while the Hausman test ($p = 0.5224 > 0.05$) indicated REM as the better option. This was confirmed by the LM test ($p = 0.0000 < 0.05$), leading to the selection of REM for this group as well.

Classical Assumption Test

Classical assumption testing, including multicollinearity and heteroscedasticity diagnostics, was performed on the overall sample and on the high- and low-inherent-risk subsamples to assess the robustness of the regression models. A summary of these test outcomes is reported in Table 4.5

Table 4.4 Multicollinearity and Heteroscedasticity Test

Test Type	Method	Criterion	Result	Conclusion
Multicollinearity	Correlation Matrix	Correlation < 0.80	All coef. < 0.80	No multicol
Heteroscedasticity	Breusch–Pagan Test	Prob. > 0.05	Prob. = 0.1503	No heteros
Multicollinearity (High IR)	Correlation Matrix	Correlation < 0.80	All coef. < 0.80	No multicol
Heteroscedasticity (High IR)	Breusch–Pagan Test	Prob. > 0.05	Prob. = 0.4683	No heteros
Multicollinearity (Low IR)	Correlation Matrix	Correlation < 0.80	All coef. < 0.80	No multicol
Heteroscedasticity (Low IR)	Breusch–Pagan Test	Prob. > 0.05	Prob. = 0.3844	No heteros

Source: EViews 12

Classical assumption diagnostics (multicollinearity and heteroscedasticity) were conducted for the selected regression models: the Fixed Effect Model (FEM) for the overall sample, and the Random Effect Model (REM) for both the high and low inherent risk subsamples. The correlation matrix shows no multicollinearity among the independent variables, as all coefficients are below 0.80 across the models. Although the highest correlation occurred between audit tenure and auditor switching, it stayed within acceptable limits. Furthermore, the Breusch-Pagan test yielded probability values above the 5% significance level across all models, confirming homoscedasticity. Consequently, the selected models satisfy the classical assumptions and are valid for subsequent hypothesis testing.

Hypothesis Testing

Table 4.5. Research Testing Results

Variable	Overall			High IR Group			Low IR Group		
	ARL			ARL			ARL		
	Coeff	T-Test	P-Value	Coeff	T-Test	P-Value	Coeff	T-Test	P-Value
Constanta	-1.620	-0.035	0.971	100.1	3.770	0.000	171.3	7.781	0.000
AF	4.393	1.956	* 0.052	-0.865	-0.644	0.521	-3.946	-3.709	*** 0.000
TEN	-1.872	-2.415	** 0.016	-0.809	-0.754	0.452	-1.975	-1.702	* 0.091
IR	-0.087	-2.246	** 0.025	-0.075	-2.105	** 0.037	-3.639	-0.520	0.604
KAM	0.690	0.375	0.707	4.552	2.279	** 0.024	-2.380	-1.069	0.287
AS	-4.062	-2.047	** 0.042	1.112	0.392	0.695	-4.792	-1.750	* 0.082
ACMF	-0.008	-0.084	0.938	-0.105	-0.879	0.381	0.033	0.258	0.797
Observations	279			140			139		
Adjust. R-Square	0.694			0.035			0.091		
F-Statistic	7.452			1.849			3.322		
Prob (F-Statistic)	0.000			0.094			0.004		

Definitions: AF: Audit Fee, TEN: Audit Tenure IR: Inherent Risk KAM: Key Audit Matters AS: Auditor Switching ACMF: Audit Committee Meeting Frequency

***Signifikan $\alpha=1\%$ **Signifikan $\alpha=5\%$ *Signifikan $\alpha=10\%$

Based on the individual hypothesis tests (t-tests), the Fixed Effect Model (FEM) was conducted at the 5% significance level. The results indicate that Audit Fee (AF) does not exert a statistically significant effect on audit report lag (ARL) ($p = 0.0522$), although it is marginally significant. Conversely, Audit Tenure (TEN) ($p = 0.0167$), Inherent Risk (IR) ($p = 0.0259$), and Auditor Switching (AS) ($p = 0.0421$) demonstrate statistically significant negative effects on ARL. This suggests that longer auditor tenure, higher inherent risk, and auditor switching are associated with shorter audit completion time. Meanwhile, the Key Audit Matters (KAM) variable ($p = 0.7078$) and Audit Committee Meeting Frequency (ACMF) ($p = 0.9328$) are found to have no statistically significant impact on ARL.

Using the Random Effect Model (REM) for the high-inherent-risk group, the t-test results at the 5% level indicate that only two variables are significant. Inherent Risk (IR) has a significant negative effect on audit report lag (ARL) ($p = 0.0371$), while Key Audit Matters (KAM) shows a significant positive effect ($p = 0.0242$). Meanwhile, Audit Fee (AF), Audit Tenure (TEN), Auditor Switching (AS), and Audit Committee Meeting Frequency (ACMF) are insignificant, as their p-values exceed 0.05.

For the low-inherent-risk group, the REM results at the 5% level indicate that only one variable is significant. Audit Fee (AF) has a significant negative effect on audit report lag (ARL) ($p = 0.0003$). In contrast, Audit Tenure (TEN), Inherent Risk (IR), Key Audit Matters (KAM), Auditor Switching (AS), and Audit Committee Meeting Frequency (ACMF) are insignificant, as all p-values are above 0.05.

F-Test (Simultaneous Test)

The regression model is statistically significant for the overall sample, as shown by the Prob (F-statistic) of 0.000000 (< 0.05). This indicates that all independent variables jointly influence Audit Report Lag (ARL) and confirms the model's adequacy.

For the low-inherent-risk group, the model is also significant (Prob = 0.004438 < 0.05), suggesting that the independent variables collectively explain variations in ARL. However, for the high-inherent-risk group, the model is not significant (Prob = 0.094218 > 0.05), indicating that the variables do not jointly affect ARL in this subsample.

Discussion

Impact of Audit Fee on Audit Report Lag

The test of the first hypothesis (H1) produces context-dependent findings. Based on the overall model, audit fee (AF) has no significant impact on audit report lag (ARL) (coefficient = 4.393086; p-value = 0.0522), although the result is marginally significant. Therefore, H1, which predicts a negative association, is not supported in the overall sample. However, the sub-sample analysis reveals a clear divergence. For the low-inherent-risk group, audit fee has a significant negative effect on ARL (coefficient = -3.946114; p-value = 0.0003), supporting H1 in this context. In contrast, audit fee has no significant effect on ARL in the high-inherent-risk group (p-value = 0.5207).

These divergent findings can be analyzed through the lens of agency theory. The result for the low-risk group (negative effect) aligns with the argument that reasonable fees enhance auditor performance (Doogar et al., 2015) and motivate greater allocation of resources, resulting in a more efficient audit. In a low-risk context, higher fees likely proxy for greater auditor effort to complete the audit promptly. Conversely, the result in the overall model shows a positive but insignificant effect, indicating that audit fees may represent audit complexity and risk (DeFond & Zhang, 2014), although this relationship is not strong enough to significantly influence ARL. The non-significant finding in the high-risk group suggests that when risk is already high, the fee amount may no longer be a primary driver of ARL duration.

This research results align with the mixed findings in the existing literature. The finding for the low-risk group (negative effect) is consistent with Khamisah et al. (2023) and Baatwah et al. (2024), who also reported that audit fees shorten ARL. On the other hand, the overall model shows a positive but insignificant relationship, indicating partial alignment with the findings of (Fitri & Azmiyanti, 2025). The non-significant result for the high-risk group highlights that risk levels act as a moderating factor, which may explain why previous studies have reported inconsistent results.

Impact of Audit Tenure on Audit Report Lag

The results for the second hypothesis (H2) show that, in the overall model, audit tenure (TEN) has a significant negative effect on audit report lag (ARL) (coefficient = -1.872410; p-value = 0.0167). This result supports H2, suggesting that a longer engagement period is associated with shorter audit duration. However, when the sample is divided based on risk levels, audit tenure is found to have no statistically significant effect in either the high-risk (p-value = 0.4524) or the low-risk (p-value = 0.0911) groups.

The overall model's findings support the "efficiency" argument, in which longer tenure enhances auditor familiarity with the client's operations and systems, thereby reducing audit time (Hoirul Fayyum et al., 2019). However, the lack of significance in both sub-groups suggests that this familiarity-driven efficiency may not be a primary determinant of ARL when specific risk factors are isolated. It may also imply that concerns about compromised independence from excessive tenure (Priyanti & Uswati Dewi, 2019) did not significantly manifest as longer ARL in these specific sub-samples.

The result from the overall model (negative effect) is consistent with Pakpahan & Abbas (2025), who also found that longer tenure can shorten ARL. Meanwhile, the non-significant findings in both the high- and low-risk groups support the work of Rachman & Astri (2024), who similarly found no significant impact. This suggests that the significance of audit tenure may be contingent on other factors not isolated in the sub-group analysis.

Impact of Inherent Risk on Audit Report Lag

The third hypothesis (H3) is consistently rejected across the estimated models. In the overall model, inherent risk (IR) has a significant negative effect on audit report lag (ARL) (coefficient = -

0.087807; p -value = 0.0259), which is opposite to the hypothesized direction. A similar result is observed in the high-risk group, where IR also exhibits a statistically significant negative effect (coefficient = -0.075822; p -value = 0.0371). In contrast, in the low-risk group, inherent risk does not have a statistically significant effect on ARL (p -value = 0.6042).

These findings are counterintuitive and contradict the theoretical logic underpinning the hypothesis (Arens et al., 2017), which posits that higher risk necessitates more extensive audit procedures, thereby lengthening ARL. The observed negative relationship (higher IR leads to shorter ARL) is a significant anomaly. One speculative interpretation from a signaling theory perspective is that, in the face of high risk, both auditors and clients are under greater market pressure to issue reports more quickly to reduce uncertainty, though this contradicts standard audit practice.

This study reveals that not aligned with those of Patricia Septin Arini (2024), who found the expected positive effect. The non-significant result in the Low Risk group is consistent with Ni'Mah & Triani (2021), who also found no effect. The significant negative effect in the overall and high-risk models is a novel finding relative to the cited literature. It presents a major point of discussion regarding the unique characteristics of this sample or the proxy used for inherent risk.

Impact of Key Audit Matters on Audit Report Lag

The test for the fourth hypothesis (H4) reveals a highly context-specific relationship. In the overall model (p -value = 0.7078) and the low-risk group (p -value = 0.2872), key audit matters (KAM) show no significant impact on audit report lag (ARL). However, in the high-risk group, KAM is found to exert a statistically significant positive effect on ARL (coefficient = 4.552083; p -value = 0.0242). Therefore, H4 is supported only for companies with high inherent risk.

This finding strongly supports the theoretical logic. KAM disclosures (IAASB, 2015) are intended to increase transparency regarding complex audit issues. In a high-risk situation, where significant audit issues (KAM) are likely more numerous and complex, it is logical that the process of auditing, discussing, and documenting these matters would add time to the audit, resulting in a positive effect on ARL. This aligns with agency theory, viewing KAM as an oversight mechanism that requires time. Conversely, in low-risk firms, the complexity or number of KAMs may not be sufficient to be a significant driver of audit duration.

The support for H4 in the high-risk group (positive effect) supports the findings of Cığer et al. (2025), which indicated that KAM disclosures extend ARL. Meanwhile, the non-significant results in the overall and low-risk models support the research of Fitri & Azmiyanti (2025) and Wahjono & Danardono (2024), who also found no significant impact. These findings contrast with Bella & Abbas (2025), who documented a negative effect of KAM on ARL. The absence of such efficiency gains in this study, particularly in the high-risk group where complexity inevitably delays the report, reinforces the argument that KAM's impact on ARL is highly dependent on the firm's risk context.

Impact of Auditor Switching on Audit Report Lag

The test for the fifth hypothesis (H5) indicates that the hypothesis is rejected across all models. In the overall model, auditor switching (AS) is found to have a statistically significant negative effect on audit report lag (ARL) (coefficient = -4.062567; p -value = 0.0421), which is contrary to the hypothesized direction. In both the high-risk group (p -value = 0.6951) and the low-risk group (p -value = 0.0825), auditor switching has no statistically significant effect on ARL.

This finding contradicts the hypothesis and the associated "learning curve" theory, which suggests new auditors require more time (Cahyanti et al., 2022). The negative effect in the overall model (switching shortens ARL) is a noteworthy finding. It could suggest that new auditors, to signal their independence and quality (per agency theory), may work more efficiently or be under pressure

to complete the audit promptly. The lack of significance in the subgroups indicates that, in specific risk contexts, switching may not be a primary driver of ARL duration.

The negative effect observed in the overall model aligns with studies by Pakpahan & Abbas (2025) and Putri & Kusumawati (2025), which also found that auditor switching can shorten ARL. However, this finding contradicts Neyza & Susilowati (2024), who reported a positive effect. The non-significant results across subgroups align with other research that has found no significant impact, reinforcing the idea that the effect of auditor switching is not uniform.

Impact of Audit Committee Meeting Frequency on Audit Report Lag

The test for the sixth hypothesis (H6) indicates that ACMF is not significantly associated with audit report lag (ARL) across all models. In the overall model, ACMF has no significant effect on ARL (coefficient = -0.007279; p-value = 0.9328). Similarly, in both the high-risk group (p-value = 0.3811) and the low-risk group (p-value = 0.7971), ACMF also shows no statistically significant impact on ARL. Therefore, H6 is not supported.

These findings suggest that the frequency of audit committee meetings does not necessarily translate into more efficient or delayed audit completion. While prior studies (Kaaroud et al., 2020; Lajmi & Yab, 2022) argue that a higher number of meetings reflects stronger monitoring and may influence reporting timelines, this study finds no empirical evidence supporting such a relationship. One possible explanation is that the number of meetings alone may not adequately capture the effectiveness or quality of the audit committee's oversight. In other words, frequent meetings do not automatically imply better coordination with auditors or faster audit processes.

5. Conclusion

This study aims to analyze the influence of Audit Fee (AF), Audit Tenure (TEN), Inherent Risk (IR), Key Audit Matters (KAM), Auditor Switching (AS), and Audit Committee Meeting Frequency (ACMF) on Audit Report Lag (ARL), as well as to evaluate whether these effects differ between firms with high and low inherent risk in Indonesian manufacturing companies.

The findings indicate that the factors affecting ARL vary depending on the level of risk, thus addressing the research objective. In the overall sample, AF is positively associated with ARL but not statistically significant, while TEN, IR, and AS significantly shorten ARL. Meanwhile, KAM and ACMF do not show a significant relationship with ARL. These results imply that audit costs are generally linked to longer audit duration, although the effect is weak, whereas auditor experience, switching, and risk conditions contribute to faster audit completion.

However, when firms are classified by inherent risk level, distinct situational patterns emerge. In the low-inherent-risk group, only AF significantly influences ARL, indicating that audit timeliness in relatively stable firms is primarily driven by economic considerations rather than by audit complexity or risk-related factors. In contrast, in the high-inherent-risk group, IR and KAM are the only significant determinants of ARL, with IR reducing ARL and KAM increasing it. Meanwhile, ACMF is found to have no significant effect in both sub-samples. This indicates that in high-risk environments, audit timeliness is shaped more by risk assessment and enhanced audit disclosure requirements than by auditor-client relationship factors, while audit committee activity does not appear to play a decisive role.

5.1 Contributions, Limitations and further research

This study expands the audit timeliness literature by proving that Inherent Risk (IR) acts as a crucial situational factor, not just a control variable. It provides empirical evidence that the drivers of Audit Report Lag (ARL) differ fundamentally between high-risk and low-risk manufacturing firms.

Two main limitations exist in this study. The regression model for the high-risk group is not statistically significant, meaning the chosen variables cannot fully explain audit delays in such conditions. Furthermore, the negative association between IR and ARL contradicts traditional audit risk theory and requires further investigation.

Future studies should incorporate other relevant variables like corporate governance, internal control quality, operational complexity, and auditor workload to better explain ARL in high-risk contexts. Researchers should also investigate the anomalous negative relationship between IR and ARL using alternative risk proxies.

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