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Timeliness in Financial Reporting: How Going Concern Opinions, Firm Reputation, and Audit Fees Drive Audit Report Lag in IDX-Listed Banks (2021–2025)

ABSTRACT

Financial Services Authority (OJK) regulations mandate Indonesian public companies to publish audited financial records within 90 days of the fiscal year-end. Breaching this deadline triggers Audit Report Lag (ARL), a critical issue that threatens market liquidity and provokes investor uncertainty. Addressing this problem, this study evaluates how Going Concern Audit Opinions, Public Accounting Firm Reputation, and Audit Fees influence ARL within the Indonesia Stock Exchange (IDX) banking sector from 2021 to 2025. Applying a quantitative framework, we extracted secondary data from corporate annual and sustainability reports. The analysis operationalizes ARL as the exact day count between the fiscal period's close and the independent auditor's signature. Furthermore, we utilized dummy variables to proxy Going Concern Opinions and Firm Reputation, while applying natural logarithms to standardize Audit Fees. Using EViews 12, we conducted rigorous descriptive and econometric verification tests. The empirical findings reveal that Going Concern Audit Opinions do not significantly affect ARL. In contrast, Public Accounting Firm Reputation and Audit Fees act as primary determinants, significantly shaping the reporting timeline. These findings enrich contemporary auditing literature on financial punctuality and deliver strategic insights for regulatory bodies and practitioners to optimize external audit efficiency.

Keywords: Audit Fees; Audit Report Lag; Going Concern Audit Opinion; Indonesian Banking Sector; Public Accounting Firm Reputation.

INTRODUCTION

Financial reporting plays a crucial role as a means of conveying financial information about a company's resources and performance results to all interested parties. The information contained in financial reports will provide optimal benefits to stakeholders if prepared accurately and timely. Financial reports (FRS) are a key component of business activities, serving as a source of information for potential investors, creditors, and other users. This is because financial reports contain a comprehensive summary of a company's financial performance for a specific period. Before publication, financial reports must be audited by an independent auditor to provide assurance on the fairness of the report's presentation, including the adequacy of the information disclosed.

Regulatory frameworks mandate that all companies listed on the Indonesia Stock Exchange (IDX) construct their financial statements in strict adherence to the prevailing Financial Accounting Standards (SAK). Consequently, before management releases these disclosures to shareholders and the public, an independent auditor officially registered with the Financial Services Authority (OJK) must audit and verify the records. Punctual submission of these documents operates as a critical market mechanism, given that reporting delays directly degrade the relevance, accuracy, and overall decision-making utility of the financial information. To legally enforce this timeliness, Article 5 of OJK Regulation No. 14/POJK.04/2022 compels every public issuer to submit their annual financial disclosures, accompanied by the definitive Independent Auditor's Report (LAI), within a strict 90-day window following the conclusion of the fiscal reporting year. Operating under this regulatory framework, independent auditors face a strict 90-day deadline to finalize their fieldwork and formulate their conclusions. In contemporary accounting literature, scholars define this specific interval—calculated

from the closure of the corporate fiscal year to the official signing date of the Independent Auditor's Report (LAI)—as Audit Report Lag (Halim, 2018).

Audit Report Lag (ARL) acts as a primary catalyst for financial transparency and investor trust across the banking sector. When institutions publish their financial statements promptly, they showcase the operational efficiency of their external auditors and guarantee the absolute integrity of the economic data they present to capital market stakeholders.

A slow audit completion process can reduce the accuracy of the information, which indirectly impacts the quality of decisions based on the report. A short ARL indicates that the company has a sound accounting system and that the auditor is able to complete the audit process efficiently. This can enhance the company's credibility and strengthen investor confidence (Mazkiyani & Handoyo, 2017). Conversely, a long ARL can have various negative consequences, such as decreased investor confidence, delayed business decision-making, and potential sanctions by capital market authorities. For creditors, investors, and regulators, such delays can create uncertainty in assessing the company's performance and financial condition. According to Devian & Kusumah (2026) timeliness reflects the submission of financial statements within a relevant period, allowing the information to be used to predict the company's future condition and aid decision-making

The phenomenon of late financial reporting remains common in Indonesia. Based on the announcement of the Indonesia Stock Exchange (accessed on July 1, 2025) published on www.idx.go.id on July 1, 2025, regarding the submission of financial reports that until July 1, 2025, the deadline for submitting audited financial reports has expired, but it turns out that there are still 68 companies that have not fulfilled this obligation. The IDX stated that these companies have been given a 3rd Written Warning and a sanction of IDR 150,000,000.00 for not submitting Financial Reports and/or not making payment of sanctions for delays in accordance with applicable regulations. One of the 68 issuers is PT Capitalinc Investment, Tbk (MTFN), which operates in the financial sector. The company received a written warning for the delay in submitting audited financial reports. Another phenomenon that occurred in banking companies occurred at PT Bank Sinarmas Tbk which in 2020 received a written warning from the IDX. due to changes in the submission of financial reports for the first semester of 2020.

Specifically in the banking sector, which manages public funds, delays in issuing audit reports can have more serious consequences. A bank's failure to submit financial statements on time has the potential to increase information asymmetry because the company's financial condition is not immediately known to the public. Such reporting delays actively erode public confidence across financial institutions. Furthermore, because the Financial Services Authority (OJK), Bank Indonesia, and the Deposit Insurance Corporation (LPS) rigorously supervise this industry, these regulatory bodies rely heavily on punctual financial disclosures as the primary diagnostic tool to evaluate institutional health and maintain systemic stability.

Based on these conditions, the author observed the audit delay (ARL) of 46 banking companies from 2021 to 2025. Of the 46 banking companies using KAP services during 2021–2025 with a total of 230 financial statements recorded, 28 still had a high ARL of over 90 days, or 11.91%. Delays in submitting financial reports can indicate problems with the company's audit process and financial reporting, which can indirectly undermine public trust in the company's credibility. In this situation, the Public Accounting Firm (KAP) plays a crucial role as an independent party capable of increasing trust in the financial information provided by management.

Fulfilling their professional mandate, Public Accounting Firms (KAPs) deliver critical assurance to investors and broader stakeholders, verifying that corporate management constructed the financial disclosures in strict compliance with Indonesian Financial Accounting Standards (SAK). Yet, the scope of this external engagement transcends the mere verification of historical records and the detection of material fraud. Auditors must also actively evaluate the firm's economic resilience, formulating a definitive judgment regarding the entity's capacity to maintain continuous operations as a going concern. The risk of a company failing to maintain its operations always exists, so auditors must be able to identify this possibility during the audit process. According to Section 150 of the 2021 of the Public Accounting Professional Standards (SPAP), "the auditor is required to express an express opinion on whether the company is expected to continue as a going concern for at least one year after the reporting date." This opinion is part of the qualified audit opinion with additional explanations. This opinion is referred to as the Going Concern Audit Opinion (OAGC).

Furthermore, the Professional Standards for Public Accountants (SPAP) Section 341/SA 570 formally mandates that auditors actively investigate any material uncertainties that cast substantial doubt upon the entity's operational viability. To comply with this regulatory framework, practitioners must project this going concern assessment for a maximum horizon of twelve months following the official issuance date of the audit report. Therefore, auditors must disclose issues related to the client's business continuity honestly, objectively, and professionally. This opinion is crucial because it directly relates to business continuity and compliance with applicable standards.

According to Christina & Si (2020), delays in submitting financial statements can reflect problems in the financial statements, resulting in a longer audit completion time. This indicates more serious risks or problems within the company, requiring more in-depth auditor attention. High-risk audits require the collection of more audit evidence. Consequently, this elevated risk profile significantly extends the fieldwork duration compared to lower-risk engagements. Empirical investigations by Handoyo and Hasanah (2017) demonstrate that issuing a Going Concern Audit Opinion (GCAO) exerts a positive and significant impact on Audit Report Lag (ARL). They attribute this delay to the intensive procedures auditors must execute; specifically, formulating a going concern modification forces the engagement team to conduct highly explicit, exhaustive evaluations regarding the client's long-term corporate viability. Conversely, Anjani et al. (2020) directly challenge this consensus, finding that the GCAO produces no statistically significant effect on audit timeliness. Their research argues that the specific classification of the audit opinion fails to dictate the reporting timeline, as management teams receiving modified assessments still strategically publish their financial disclosures within the regulatory deadlines.

According to Mulyadi (2016), the Public Accounting Firm Reputation (PAFR) is an objective and subjective market assessment of a firm's reputation, generally classified by its size. Meanwhile, Perdana (2023) defines the RKAP as a positive perception or image formed from the public's assessment of the quality of audit services provided by the firm. The RKAP also influences audit risk assessment, as reputable firms are more careful and thorough in carrying out the audit process to maintain public trust (Dwi Rizkyta & Yasin, 2024). Drawing upon the foundational framework established by DeAngelo (1981), large-scale public accounting practices exhibit significantly greater professional independence when confronting and reporting corporate financial irregularities. Equipped with superior technical infrastructure and advanced risk management frameworks, these top-tier firms actively mitigate underlying control risks. Consequently, this elevated institutional competence empowers elite auditors to transparently disclose material misstatements without yielding to client pressure, preserving the strict integrity of the audit report.

Johnstone et al. (2014) assert that the four largest global accounting networks—commonly designated as the "Big Four" (PricewaterhouseCoopers, KPMG, Ernst & Young, and Deloitte)—exert profound influence over the international auditing landscape. These massive entities systematically shape global industry standards through their ubiquitous daily operations across diverse jurisdictions and their entrenched memberships within the world's most prominent professional accounting bodies. By leveraging this expansive geographical footprint and institutional authority, each of these market leaders consistently generates multi-billion-dollar annual revenues, further solidifying their absolute dominance over the profession.

Stratifying the audit industry, Wijaya and Permatasari (2024) classify public accounting practices into two distinct tiers: Big Four and non-Big Four entities. Within the domestic market, Big Four firms operate as local partnerships that secure strategic alliances with elite international audit networks. Because they leverage these global ties, these affiliated practices command a significantly higher market reputation compared to their independent, non-Big Four counterparts. Corroborating this structural dichotomy, Perdana (2023) observes that market stakeholders predominantly gauge an auditor's prestige through the lens of these international affiliations. Consequently, the financial public trusts Big Four firms to deploy superior historical experience, deeper infrastructural resources, and elite technical competence when formulating complex audit judgments, particularly when evaluating a client's going concern status. Many public companies tend to choose the services of large accounting firms because they believe that audits conducted by reputable firms can increase investor confidence and facilitate stock trading. The better the reputation of a public accounting firm, the lower the delay in audit reports.

Spence (1973) proposed the signal theory, which explains that the company's annual budget (RKAP) is a positive signal sent by a company to the market. Big Four RKAPs are formed due to the support of substantial resources, the use of more advanced technology, the company's large scale, and the quality of the audit results produced (Wijaya & Permatasari, 2024). Factors such as the size of the accounting firm, industry specialization, audit quality, transparency, accountability, and professional recognition also shape market perceptions of the firm's credibility. Big-Four affiliated accounting firms are considered to have a higher reputation than non-Big-Four firms due to their larger staff, more efficient audit processes, more flexible audit schedules, and a strong drive to maintain their professional reputation (Wijaya & Permatasari, 2024). High-quality audits will also result in broader and more reliable financial statements disclosures. Financial statements audited by Big-Four accounting firms provide a positive signal to investors because they are considered more reliable. From a signaling theory perspective, accounting firms act as agents tasked with providing information to principals as quickly as possible to reduce information asymmetry. One way to accelerate this signal delivery is through the use of Big-Four accounting firms, which are believed to shorten the Audit Report Lag.

Perdana (2023) study showed that the RKAP negatively impacted the ARL, meaning that the better the reputation of the public accounting firm, the shorter the audit completion time. This finding is also supported by research by Dwi Rizkyta & Yasin (2024) who found that the RKAP impacted the ARL. However, other studies, such as those by Dewi & Putra (2025), showed that public accounting firm reputation had no impact on Audit Report Lag. This empirical parity occurs because all public accounting firms—regardless of their Big Four or non-Big Four classification—strictly adhere to a universal set of professional principles and statutory auditing standards. To protect their institutional credibility and market reputation, every audit practice actively executes its engagements with maximum efficiency and rigor. Ultimately, this unwavering compliance with mandatory professional guidelines ensures that both tiers of auditors deliver optimal performance, effectively neutralizing any operational advantages traditionally associated with international affiliations.

In addition to the OAGC and RKAP, another factor that influences ARL is the audit fee. This is supported by research by Suhardjo (2021), who explained that company complexity, company size, auditor reputation, audit fees, internal control systems, and financial reporting time are factors that influence ARL.

Based on the Decree of the Chairman of the Indonesian Institute of Public Accountants (IAPI) No. According to IAPI Regulation No. KEP.024/IAPI/VII/2008, audit fee determination must consider various aspects such as client needs, time requirements, work complexity, auditor legal liability, independence, level of expertise, and the agreed-upon fee basis. Furthermore, IAPI also issued Board of Directors Regulation No. 3 of 2024 concerning Guidelines for Determining Audit Fees, which emphasizes that audit fees must be determined fairly and transparently, taking into account the level of risk and the auditor's responsibilities Agoes, (2019).

In practice, the amount of audit fees is often influenced by the negotiation process between the company and the Public Accounting Firm (KAP). IAPI Regulation No. 2 of 2016 also provides a basic reference for determining audit fee amounts, which can be tailored to the characteristics of each KAP. The higher the audit fee received by the auditor, the greater the incentive to complete the work optimally and on time, thereby shortening the ARL. Conversely, an audit fee that is too low can pose a threat to auditor independence and increase the likelihood of violations of professional ethics. Therefore, determining an adequate audit fee is crucial to supporting comprehensive audit quality. Generally, audit fees are negotiated before the audit process begins, taking into account the scope of the audit, the type of service, and the number of personnel required. An agreement on the audit fee is expected to encourage auditors to complete their work on time without compromising the quality of the audit results (Pakpahan & Surya Abbas, 2025).

There are inconsistencies, as seen in the study by Malau et al. (2024), which showed that audit fees had no effect on ARL. Sari (2021)also explained that the amount of audit fees is primarily influenced by the negotiation process between the client and auditor, rather than solely by the auditor's additional efforts to expedite audit completion. Furthermore, there are currently no standard provisions specifically governing the amount of audit fees, so their determination is still highly dependent on the agreement between the public accounting firm and the client. Therefore, a high audit fee does not necessarily guarantee a shorter ARL.

Previous research has shown inconsistencies in findings regarding the influence of Going Concern Audit Opinions, Public Accounting Firm Reputation, and Audit Fees on Audit Report Lag. This situation suggests that this study still merits further research, especially considering differences in sectors, research periods, and other factors.

The persistent delay in submitting audited financial statements across the Indonesian banking sector—highlighted by written sanctions from exchange authorities through mid-2025—necessitates a rigorous evaluation of external audit efficiency. Because banking institutions operate under rigid public fund management protocols and face strict supervision from the Financial Services Authority (OJK), the timely publication of the Independent Auditor's Report serves as a critical mechanism to minimize information asymmetry within capital markets. Driven by the urgency of this phenomenon, this study formulates its core research problem to quantify how internal corporate risk factors and external auditor capabilities determine Audit Report Lag (ARL). Specifically, the investigation analyzes whether auditors issuing a Going Concern Audit Opinion prolong the audit duration due to the heavy burden of collecting extensive risk-related evidence. Furthermore, this research explores how Public Accounting Firm Reputation (Big Four versus non-Big Four affiliations) and negotiated Audit Fees function as

operational catalysts that either accelerate or impede the audit completion timeline for all banking entities listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 observation period.

RESEARCH METHODS

To systematically investigate the structural relationships between the proposed constructs, we employ a rigorous quantitative research design driven by statistical data analysis. Drawing upon the methodological framework established by Sekaran and Bougie (2016), we conceptualize independent variables as the primary explanatory mechanisms that exert either a positive or negative force upon the focal outcome. Applying this theoretical logic to our empirical model, we deploy Going Concern Audit Opinions (GCAO), Public Accounting Firm Reputation (PAFR), and Audit Fees as our independent predictors. We hypothesize that fluctuations in these three external drivers actively dictate the variance in our dependent variable: Audit Report Lag (ARL).

To establish the empirical boundaries of this research, we defined the study population to encompass all banking institutions actively listed on the Indonesia Stock Exchange (IDX) across the five-year observation window from 2021 to 2025. The banking sector was chosen because of its unique operational characteristics: managing large amounts of public funds and being closely monitored due to its management of public funds. It is also related to financial stability, making information accuracy, timeliness, and transparency crucial for maintaining public trust and financial system stability. Furthermore, many banking companies still face challenges in meeting reporting deadlines, particularly those receiving going-concern audit opinions and audited by disreputable public accounting firms or experiencing high audit fee ratios.

To construct a highly relevant and robust dataset, we executed a purposive sampling methodology. This non-probability technique enables researchers to deliberately select subjects that strictly adhere to predetermined empirical parameters aligned with the core research objectives. By enforcing these rigorous inclusion filters across the broader population, we successfully isolated a final sample of 46 eligible banking institutions. To drive our quantitative estimations, we manually extracted the necessary secondary data directly from the audited financial statements and comprehensive annual reports published by these IDX-listed banks throughout the 2021–2025 observation window. Data collection was conducted through documentation and literature review techniques, obtaining Annual Reports from the official IDX website (www.idx.co.id) and other supporting sources. All data was collected through manual and digital processes and verified using cross-checks to reduce the risk of input errors.

The data was then organized into a panel format and analyzed using Eviews 12 software. The analysis involved descriptive and verification tests, classical assumption tests, the Chow test, the Hausman test, the Lagrange Multiplier test, panel data regression analysis, and the T and F tests to examine the effect of independent variables on audit report lag.

The research variables consist of four main indicators, namely OAGC and RKAP which are measured by dummy variables so that the measurement uses the numbers 0 (zero) and 1 (one), while the audit fee is measured by the professional account listed in the financial statements then transformed in natural logarithms and the Audit Report Lag (ARL) is measured from the time period between the closing date of the fiscal year until the date of the signing of the independent auditor's report. Each variable is measured based on indicators that refer to expert opinions, previous research and are adjusted to regulatory provisions in Indonesia.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Sekaran & Bougie (2016)) define descriptive analysis as an analysis used to describe or explain the characteristics of a phenomenon, variable, individual, or organization that is the object of research. The goal is to provide a systematic overview of the data being studied through statistical presentations such as minimum, maximum, average (mean), and standard deviation values, making it easier for researchers to understand the characteristics of the research data.

Table 1. Results of Descriptive Statistical Analysis

	ARL	OAGC	RKAP	AUDIT_FEE
Mean	65.06522	0.095652	0.504348	2190.761
Median	66.50000	0.000000	1.000000	2150.500
Maximum	154.0000	1.000000	1.000000	2978.000
Minimum	15.00000	0.000000	0.000000	1842.000
Std. Dev.	24.84889	0.294755	0.501072	180.9548
Skewness	0.050979	2.749603	-0.017392	1.327687
Kurtosis	2.857535	8.560315	1.000302	5.795922
Jarque-Bera	0.294130	586.1009	38.33333	142.4868
Probability	0.863238	0.000000	0.000000	0.000000
Sum	14965.00	22.00000	116.0000	503875.0
Sum Sq. Dev.	141400.0	19.89565	57.49565	7498524.
Observations	230	230	230	230

According to the econometric framework established by Basuki (2016), identifying the most robust panel data regression model requires researchers to execute a rigorous, sequential diagnostic protocol comprising the Chow Test, the Hausman Test, and the Breusch-Pagan Lagrange Multiplier (LM) Test. This structured methodological progression actively prevents model misspecification and ensures the statistical validity of the estimated parameters.

In the primary diagnostic phase, we employ the Chow Test (frequently categorized as the Likelihood Ratio test) to ascertain whether the Common Effect Model (CEM) or the Fixed Effect Model (FEM) delivers a superior econometric fit. Theoretically, this test evaluates the heterogeneity of the data to determine if the cross-sectional units possess distinct, individual-specific intercepts. The standard decision criteria dictate that if the cross-section chi-square calculation yields a p-value strictly below 0.05, researchers must reject the null hypothesis of poolability and adopt the FEM. Conversely, a p-value exceeding 0.05 requires the retention of the CEM, implying that the data behaves as a homogeneous pool. Within our empirical investigation, the Chow assessment generated a highly significant probability (p = 0.000). Because this output definitively falls below the 0.05 threshold, we conclusively selected the FEM and subsequently advanced the analysis to the Hausman test.

During the second phase, we utilized the Hausman test to adjudicate between the FEM and the Random Effect Model (REM). From a strict econometric perspective, this diagnostic examines the presence of endogeneity by testing whether the unobserved individual-specific effects correlate directly with the explanatory variables. The evaluation protocol states that a random cross-section p-value under 0.05 highlights a significant correlation, thereby mandating the use of the FEM to prevent biased and inconsistent estimators. On the other hand, a p-value greater than 0.05 demonstrates that the individual effects operate entirely exogenously, securely validating the REM. Our empirical Hausman computation produced a p-value of 0.079. Since this figure comfortably surpasses the 0.05 alpha level, we successfully adopted the REM, confirming that the unobserved parameters do not

distort the primary regressors. Following this determination, we proceeded to the Lagrange Multiplier test as the final verification step to conclusively cement the REM over the baseline CEM framework.

Researchers apply the Breusch-Pagan Lagrange Multiplier (LM) test to determine whether the Common Effect Model (CEM) or the Random Effect Model (REM) provides the most robust fit for the panel data. If the statistical output generates a p-value below 0.05, we reject the null hypothesis and select the Random Effect Model. Conversely, if the p-value exceeds 0.05, we retain the Common Effect Model, indicating that the panel effects remain insignificant.

If the probability value is greater than 0.05, then the model used is the common effects model, while if the probability value is less than 0.05, then the model used is the random effects model. Based on the Honda probability test results, 0.000 is less than 0.05, the random effects model chosen is REM.

Relying on the econometric principles outlined by Ghozali (2018), researchers execute the multicollinearity diagnostic to detect any strong, inappropriate correlations among the independent predictors within a regression framework. A structurally sound regression model explicitly requires these explanatory variables to operate completely independently of one another. Ideally, the dataset should achieve perfect orthogonality—a strict mathematical condition where the exact correlation between the independent variables equals absolute zero, thereby preventing any variance distortion in the final regression coefficients.

Relying on the diagnostic parameters established by Ghozali (2018), we execute the heteroscedasticity test to detect any unequal residual variances across the dataset's observations. A statistically robust regression model absolutely requires homoscedasticity, a condition where the error terms maintain a constant, uniform variance. Conversely, fluctuating residual variances indicate heteroscedasticity, which severely compromises the efficiency of the model. Our visual inspection of the residual scatterplot demonstrates that the error terms distribute randomly and horizontally within a strictly bounded range (±500), failing to form any systematic geometric patterns. Consequently, this empirical evidence confirms equal residual variance, successfully satisfying the core homoscedasticity assumption and ruling out any symptoms of heteroscedasticity.

To estimate the structural relationships governing these screened variables, we deploy panel data regression as our primary analytical framework. As Basuki (2016) outlines, this advanced econometric methodology synthesizes cross-sectional observations with longitudinal time-series data, providing a highly dynamic architecture for evaluating corporate behavior over multiple years.

The regression equation formula is as follows: $Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 4Z + e$

Based on our empirical computations, we derived the following baseline regression equation to model Audit Report Lag:

ARL = 125.20 + 5.05(GCAO) - 13.28(PAFR) - 0.02(AF)

Table 2. Results of Panel Data Diagnostics and Model Suitability Matrix

Evaluation Category	Test Instrument/Variable	Statistical Metric	Significance Level (Prob.)	Decision Criteria	Empirical Conclusion & Model Selection
I. Panel Data Model Selection	Chow Test	Chi-square: 220.0436	0.0000	Reject CEM if Prob. < 0.05 → Select FEM	The test rejects the Common Effect Model (CEM) in favor

					of the Fixed Effect Model (FEM). The analysis proceeds to the Hausman test.
	Hausman Test	Chi-Sq. Statistic: 6.7920	0.0788	Reject FEM if Prob. < 0.05 → Select REM	The test confirms that the Random Effect Model (REM) outperforms the Fixed Effect Model. The analysis proceeds to the Lagrange Multiplier test.
	Lagrange Multiplier Test	Breusch-Pagan (Both): 112.1737	0.0000	Select REM if Prob. < 0.05 over CEM	The results identify the Random Effect Model (REM) as the most robust, efficient, and stable estimation model for final structural path analysis.
2. Classical Assumptions	Multicollinearity Test	Inter-variable cross-correlations <0.85	-	No multicollinearity threat if cross-correlations <0.85	Passed. The independent variables exhibit no severe conceptual redundancy or harmful multicollinearity.
	Heteroscedasticity Test	Residual distribution remains within safe bounds	-	Constant variance without breaching the ± 500 threshold	Passed. The variance of the residuals remains homoscedastic and stable across all observations.

Source: Processed EViews 12 Output, 2026

To isolate the most statistically efficient and appropriate regression framework for our panel data, we implemented a strict three-phase diagnostic protocol: the Chow test, the Hausman test, and the Breusch-Pagan Lagrange Multiplier (LM) test. During the initial evaluation phase, we administered the Chow test to assess whether the Fixed Effect Model (FEM) statistically outperforms the baseline Common Effect Model (CEM). The resulting econometric analysis produced a Cross-section Chi-square value of 220.0436, alongside an overwhelmingly significant p-value of 0.000. Since this probability definitively breaches the 0.05 alpha threshold, we decisively dismiss the null hypothesis of homogeneous intercepts. Consequently, we adopted the Fixed Effect Model (FEM) to accurately capture the unique cross-sectional characteristics inherent in the dataset.

During the second analytical phase, we executed the Hausman test to choose between the Fixed Effect Model (FEM) and the Random Effect Model (REM). The diagnostic assessment generated a Cross-section random Chi-square of 6.7920 alongside a p-value of 0.079. Given that this empirical probability comfortably surpasses the standard 0.05 significance threshold, we retain the null hypothesis. This statistical output confirms that the unobserved entity-specific effects function completely independently of the primary regressors. Ultimately, this lack of correlation validates the structural integrity of the Random Effect Model (REM), prompting us to select it over the fixed-effects alternative.

To definitively validate our model selection and test for unobserved panel effects, we conducted the Breusch-Pagan Lagrange Multiplier (LM) test as the ultimate diagnostic procedure. The analysis produced a Breusch-Pagan cross-section statistic of 112.1737 alongside a highly significant p-value of 0.000. Furthermore, the Honda, King-Wu, and Standardized Honda evaluations strongly corroborated this statistical outcome. These empirical results firmly eliminate the Common Effect Model (CEM), demonstrating that a standard pooled OLS approach introduces severe distortion through omitted panel variances. Consequently, this rigorous diagnostic sequence firmly establishes the Random Effect Model (REM) as the most unbiased, statistically sound, and optimal econometric framework for estimating our final hypotheses.

Table 3. Results of Symmetrical Hypothesis Testing and Explanatory Power

Structural Path / Predictor	Unstandardized Coefficient	Standard Error	t-Statistic	Significance Level (Prob.)	Empirical Decision & Analysis
Intercept (Constant / C)	125.2079	19.5731	6.3969	0.0000	The baseline Audit Report Lag (ARL) values stand at 125 days when all financial parameters are absent.
Going Concern Opinion (X1)	5.0498	5.3450	0.9448	0.3458	Reject H1 (Not Significant). A bank's going concern status does not systematically determine

					the audit reporting window.
KAP Reputation (X2)	-13.2767	3.2866	-4.0397	0.0001	Accept H2 (Significant Negative). Utilizing a reputable "Big Four" firm directly shortens the audit duration by 13.27 days.
Audit Fee (X3)	-0.0246	0.0092	-2.6785	0.0079	Accept H3 (Significant Negative). Higher audit fee investments significantly curb reporting lag by driving field workflow efficiency.
Model Fit Indicators	Metric Value	F-Statistic	F-Significance	Explanatory Status	Structural Analysis Conclusion
R-squared	0.1386	12.1220	0.0000	Simultaneous Effect: Significant	OAGC, RKAP, and Audit Fees collectively account for 12.7% of the variance in ARL (Adjusted R2) = 0.1271).

a. Dependent Variable: Audit Report Lag (ARL)

Source: Processed EViews 12 Output, 2026

The Impact of Going Concern Audit Opinions on Audit Report Lag

The empirical regression output reveals that the Going Concern Audit Opinion (GCAO) variable yields a coefficient of -25.050 alongside a p-value of 0.346. Because this probability score heavily exceeds the standard 0.05 significance threshold, we confidently conclude that GCAO exerts no statistically significant effect on Audit Report Lag (ARL). Consequently, the empirical evidence compels us to decisively reject the proposed hypothesis. From a practical standpoint, this finding demonstrates that the severity of an auditor's going concern judgment fails to dictate reporting timeliness. Regardless of whether the firm receives a modified going concern assessment or a standard clean opinion, corporate

management teams across the banking sector remain fully capable of finalizing and publishing their financial statements strictly within the mandated regulatory deadlines.

This empirical outcome strongly corroborates the findings of Anjani et al. (2020), who similarly demonstrated that the issuance of a Going Concern Audit Opinion (GCAO) fails to dictate audit report timeliness. Conversely, our results directly contradict the empirical conclusions drawn by Handoyo and Hasanah (2017). Those scholars argued that going concern modifications significantly inflate Audit Report Lag (ARL). From their theoretical perspective, when auditors identify severe financial distress and prepare to issue a GCAO, they must execute expanded substantive testing and navigate complex negotiations with management regarding the firm's future viability. Consequently, this intensive verification process inherently prolongs the audit timeline compared to standard engagements that easily secure clean, unmodified opinions.

The Impact of Public Accounting Firm Reputation on Audit Report Lag

The statistical evaluation reveals that the Public Accounting Firm Reputation (PAFR) construct yields a coefficient of -13.277 alongside a highly significant p-value of < 0.001. Because this probability falls well below the strict 0.05 threshold, the empirical evidence decisively confirms that auditor reputation exerts a significant negative influence on Audit Report Lag (ARL). Consequently, we fully accept the proposed hypothesis. This empirical outcome robustly corroborates previous investigations by Dwi Rizkyta and Yasin (2024) and Perdana (2023). These scholars established that top-tier auditing firms inherently compress the reporting timeline. Essentially, as the accounting firm's reputation increases—typically denoted by a Big Four affiliation—the engagement team finalizes the audit procedures and publishes the report much faster than their lower-tier counterparts.

In contrast, our results directly challenge the empirical conclusions drawn by Dewi and Putra (2025). Those researchers observed that Public Accounting Firm Reputation (PAFR) exerts no statistically significant impact on reporting timeliness. They theorized that this lack of variance stems from the strict regulatory environment governing the profession; all audit practitioners—whether affiliated with an elite Big Four network or operating as an independent local practice—must strictly adhere to universal professional principles and mandatory auditing standards. Consequently, Dewi and Putra (2025) argued that every firm proactively optimizes its fieldwork efficiency to protect its institutional credibility, effectively neutralizing any speed advantages traditionally associated with elite global affiliations. time.

The Impact of Audit Fees on Audit Report Lag

The panel data regression outputs demonstrate that the Audit Fee (AF) variable produces a coefficient of -0.025, accompanied by a p-value of 0.008. Because this probability score falls comfortably below the 0.05 alpha threshold, the empirical evidence decisively confirms that audit fees exert a significant negative influence on Audit Report Lag (ARL). Accordingly, we fully accept the proposed hypothesis. This statistical outcome strongly corroborates the prior literature established by Pakpahan and Surya Abbas (2025). Those scholars theorized that negotiating optimal financial compensation actively incentivizes independent auditors to execute their fieldwork with maximum efficiency. Ultimately, these robust fee structures provide the necessary economic resources for audit teams to accelerate their procedures and deliver timely financial reports, all without sacrificing the rigor or quality of the final audit judgment.

Conversely, the results of this study contradict those of Malau et al., (2024) and Sari (2021) who stated that audit fees do not have a significant impact because the amount of audit fees is primarily influenced by the negotiation process between the client and the auditor, rather than solely by the

auditor's additional efforts to expedite audit completion. Furthermore, there are currently no standard provisions specifically governing the amount of audit fees, so their determination is still highly dependent on the agreement between the public accounting firm (KAP) and the client. Therefore, a high audit fee does not necessarily guarantee a shorter ARL.

CONCLUSION

Drawing upon empirical analyses and rigorous verification protocols conducted through EViews 12, this research establishes three primary conclusions concerning the drivers of Audit Report Lag (ARL) among publicly traded banks in Indonesia from 2021 to 2025.

First, Going Concern Audit Opinion (GCAO) fail to significantly influence ARL. This statistical outcome demonstrates that a bank's financial distress level—whether it exhibits severe instability or secures a clean going-concern evaluation—neither expedites nor prolongs the independent auditor's reporting timeline.

Second, Public Accounting Firm Reputation (PAFR) imposes a substantial negative impact on ARL. This compelling econometric evidence confirms that banking institutions employing top-tier "Big Four" auditing services achieve considerably faster audit completions. These elite firms deploy extensive technical infrastructure, automated auditing frameworks, and massive personnel capacities to actively hasten the fieldwork phase. Consequently, they guarantee rapid report delivery to protect their clients' market reputation.

Third, Audit Fees act as a significant and direct determinant of ARL. When banks invest heavily in professional audit compensation, they provide auditors with powerful operational incentives to optimize resource allocation and enhance procedural efficiency. This financial commitment dynamically compresses the reporting timeframe while strictly maintaining the integrity and quality of the final audit deliverables.

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