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FINANCIAL DISTRESS TESTING MODEL TO AUDIT REPORT LAG

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ABSTRACT

Purpose: This research uses the audit committee as a moderating variable to examine how the financial crisis, solvency, and complexity of corporate operations are tested on Audit Report Lag.

Methodology/approach: Facilities and infrastructure firms listed on the Indonesia Stock Exchange (IDX) in 2019–2022 make up the study's population. The sample consisted of up to 32 enterprises that were chosen via deliberate sampling. Modified Regression analytical (MRA) is the term for the analytical method.

Findings: The study's findings indicate that solvency and financial difficulties have a big impact on audit report lag. In the meanwhile, Audit Report Lag is not significantly impacted by the complexity of the company's operations. The audit committee does not moderate the relationship between solvency, financial stress, and the intricacy of the corporate operations on Audit Report Lag.

Practical Implication: By paying attention to the variables that affect audit report delay, investors can use the findings of this study to optimize their investment decision making. In addition, can also help auditors to complete audit reports with less time, accuracy, and quality.

Originality/value: This study is unique and valuable because it employs multiple linear regression models, a broad theoretical framework, new moderating variables, extensive secondary data, sophisticated statistical analysis, and a discussion of relevant limitations and recommendations. The findings of this study can further our understanding of the connections between financial distress, solvency, operational complexity, audit committee, and audit report lag. They can also further the advancement of financial and auditing theory and practice

Keywords: Audit Committee, Audit Report Lag, Complexity of Company Operations; Financial Distress; Solvency.

ABSTRACT

Tujuan Penelitian:*Penelitian ini bertujuan untuk menguji pengaruh krisis keuangan, solvabilitas, dan kompleksitas operasi terhadap audit report lag dengan menggunakan komite audit sebagai faktor moderasi.*

Metode/pendekatan:*Perusahaan sarana dan prasarana yang terdaftar di Bursa Efek Indonesia (BEI) antara tahun 2019 dan 2022 menjadi populasi penelitian ini. Purposive sampling digunakan untuk memilih sampel, yang terdiri dari 32 perusahaan. Metode analisis yang disebut Modified Regression Analytical (MRA) digunakan.*

Hasil:*Hasil penelitian menunjukkan bahwa solvabilitas dan tantangan keuangan merupakan variabel kunci yang mempengaruhi keterlambatan laporan audit. Sementara itu, kerumitan proses perusahaan tidak terlalu berpengaruh terhadap berapa lama waktu yang dibutuhkan untuk menyelesaikan laporan audit. Hubungan antara solvabilitas, kompleksitas operasi bisnis, dan kesulitan keuangan tidak dimoderasi oleh komite audit terhadap Audit Report Lag.*

Implikasi Praktik:*Dengan memperhatikan variabel-variabel yang mempengaruhi audit report delay, investor dapat menggunakan hasil temuan penelitian ini untuk mengoptimalkan pengambilan keputusan investasinya. Selain itu, juga dapat membantu auditor untuk menyelesaikan laporan audit dengan waktu yang lebih singkat, akurat, dan berkualitas.*

Orisinalitas/kebaharuan:*Penelitian ini unik dan berharga karena menggunakan model regresi linier berganda, kerangka teori yang luas, variabel moderasi baru, data sekunder yang luas, analisis statistik yang canggih, dan diskusi tentang keterbatasan dan rekomendasi yang relevan. Temuan dari penelitian ini dapat memajukan pemahaman kita mengenai hubungan antara kesulitan keuangan, solvabilitas, kompleksitas operasional, komite audit, dan keterlambatan laporan audit. Temuan-temuan ini juga dapat memajukan teori dan praktik keuangan dan audit.*

Keywords: *Audit Report Lag; financial distress; Komite Audit; Kompleksitas Operasi Perusahaan; Solvabilitas*

INTRODUCTION

Companies listed with the Financial Services Agency are required to publish audited financial reports in accordance with Financial Accounting Standards (SAK) in order to guarantee the expansion and stability of the Indonesian capital market. A company's financial performance and position are summarized in these reports, which are examined by independent auditors. These audits must be completed on time. Delays can have a detrimental effect on stakeholders who depend on timely and accurate financial data for decision-making, according to research by Praptika and Rasmini (2016). Accountability during the audit period is therefore crucial to preserving confidence and promoting wise capital market investment.

Accurate and accurate financial reports are essential for stakeholders because financial information is essential in decision-making. Assume the submission of financial reports is delayed. In that case, there is a high possibility that problems will occur with the financial reports, making it difficult for auditors to carry out their duties and requiring more time to prepare the report. However, other obstacles related to delays in financial reporting need to be considered. If financial reports are kept short, they will retain meaning. This is because the information users need is unavailable when making decisions and this situation can affect investor confidence.

Pattiasina (2017) research shows that auditor quality, company size, operational complexity, and the number of audit committees are factors that affect audit report delays. The complexity of company operations, which increases with departmentalization and division of labour, requires collaboration between company units to achieve common goals. An effective audit committee can improve audit quality and public confidence in financial reporting, which ultimately deepens the understanding of the relationship between audit report delays and audit committees. Therefore, to prevent companies from getting caught in a financial crisis, efforts need to be made to predict it. To prevent company bankruptcy, it is important to know the financial conditions that are threatening (Tyas, Ahmar, & Syam, 2020). Financial distress refers to a situation where a company faces serious financial difficulties, such as the inability to meet its financial obligations or pay debtors, which can lead to bankruptcy. The company's solvency, which includes the ability to pay long-term fixed costs and achieve growth, is also a major concern.

An agency is a legal arrangement that exists between an agent and a company's shareholders who act on the company's behalf (Smulowitz, Becerra, & Mayo, 2019). According to this theory, management seeks to increase institutional profits by reducing all costs. Therefore, as a fiduciary, management is responsible for implementing the best procedures in making shareholder decisions. According to the relationship between agency theory and Audit Report Lag, submitting financial reports on time to the public is expected to reduce the possibility of misunderstanding between the company and those who receive the financial reports. Submitting financial reports according to deadlines by parties with more excellent knowledge than the principal for personal interests can help avoid fraud. The auditor is an intermediary between the agent and the principal when the two have different interests.

Audit Report Lag is a financial report displayed at a particular time, explaining how changes

may affect the user's ability to make forecasts and choices within the company. The audit process takes much time, resulting in delays that affect the company's reputation. Investors and users need timely information to make investment decisions about companies.

A corporation is in financial hardship when its finances deteriorate before it files for bankruptcy. So, when a company has financial problems because it does not fulfil its financial obligations or pay debts to its debtors, it can be defined as financial distress. However, many businesses facing financial problems can be recovered for the benefit of creditors, shareholders, and society. For various reasons, financial problems are often caused directly or indirectly by administrative errors.

Solvency describes a company's capacity to carry out its obligations to pay long-term fixed costs while still achieving long-term growth and development goals. Companies with much debt tend to withhold information from outsiders, which means only knowing the good things about the company.

The formation of work divisions and departments that concentrate on various elements causes the complexity of operations. Achieving predetermined targets requires company units to work together and influence each other. If an organization creates complex organizational problems with various types of work and units, increasingly complex dependencies occur.

Prior to publishing, the audit committee examines the company's financial data. It carries out audits, investigations, and checks to make that directors carry out their management duties on their own. To determine if financial reporting practices are adequate, the committee is in charge of the planning, carrying out, analysing, and supervising of audit results. This event will delay the submission of audited financial reports. Investors receive negative news when a company's financial reporting is delayed due to financial problems.

In relation to audit report delays in financial services sector firms listed on the Indonesia Stock Exchange (BEI) from 2013 to 2018, Rachmawati (2019) focuses on a number of factors, including the financial crisis, audit committees, business complexity, and moving auditors. By evaluating and illustrating financial stress, Aulia and Setiawati (2022) may be able to lessen the effect that audit committees and operational complexity have on audit delays. The goal of Himawan and Venda (2020) study is to determine how financial difficulties, debt, profitability, and liquidity affect the timing of audit reports between 2014 and 2018. Bugis (2021) examine audit delays and variables influencing manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the consumer products industry sub-sector from 2016 to 2019 using logistic regression.

This study is different from earlier research in a number of ways. First, whereas earlier research looked at mining companies from 2016 to 2019, this study uses a sample of facilities and infrastructure companies from 2019 to 2022. Second, in contrast to earlier research that employed the Beneish Ratio Index, this study uses the Altman Z-Score measurement model. Third, an audit committee is included as a moderating variable in this study. The suspension of stock trading as a result of the company's regularly delayed financial reports, whether audited or not, is also governed by OJK regulation.

Drawing on the challenges described in the preceding chapter, the following framework for thinking and hypothesis-making is proposed:

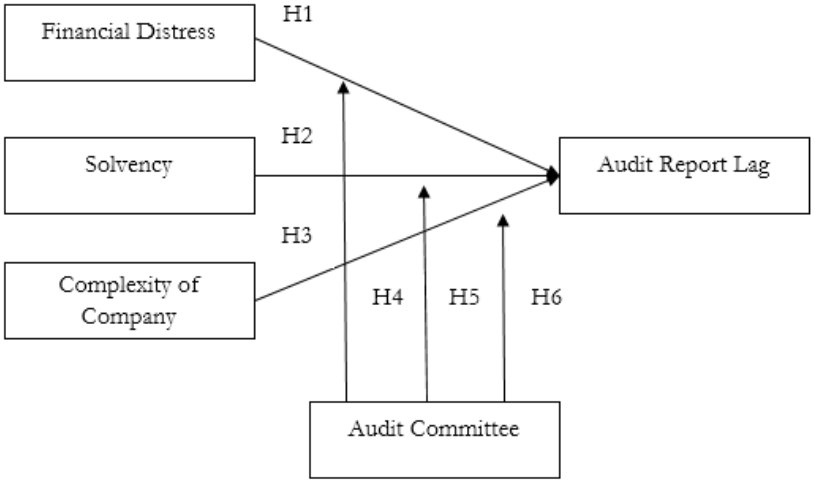

Figure 1. Framework Research

Source: Processed by author (2024)

Describe the process of developing a hypothesis based on theory, previous research, and logic (if the research uses a hypothesis)

Financial distress can affect a company's financial reporting. If a company experiences financial problems, then financial reporting will be postponed. To prevent companies from losing investors, managers try to improve financial reports to make them better for investors. This event will delay the submission of audited financial reports. Investors receive negative news when a company's financial reporting is delayed due to financial problems.

H1: Financial distress affects Audit Report Lag.

An organization's capacity to settle outstanding or repaid short- or long-term debt is referred to as its solvency. A corporation with a high debt-to-equity ratio is more vulnerable to financial risk because it is unable to pay its capital and interest payments. This elevated risk also suggests that the business is having money problems. Because negative information about financial issues might impact performance, management should postpone financial reporting. Management makes an effort to make the financial statements appear better to investors if the company does not lose them. The audited financial statements will be sent later than anticipated as a result of this incident. The delay in the company's financial statements due to financial issues will be bad news for investors.

H2: Solvency influences Audit Report Lag.

The amount of time needed to get an audit report is independent of the complexity of the business operations. However, the audit process is increasingly complicated due to the variety and difficulty of audit tasks, which can cause delays in preparing the report. A high debt-to-equity ratio puts the business at significant risk of not being able to pay its principal and interest payments. Additionally, this high risk suggests that the business is having financial issues. Management should postpone financial reports since bad news about financial issues can impact company performance.

H3: The complexity of company operations influences Audit Report Lag.

The Audit Committee carries out supervisory duties. It is responsible for monitoring audit implementation and planning and assessing the strength and suitability of internal controls, including monitoring the process of preparing financial reports. The majority of audit committee members are independent. Their opinions are independent and objective, and operational guidelines enhance the committee's independence and reputation as assessors. The audit committee is expected to reduce the possibility of companies experiencing financial problems due to governance irregularities and increase investor confidence in financial reporting.

H4: The Audit Committee moderates the effect of financial distress on

The audit procedure will take a while because of the massive debt. Because audits might have an effect on the whole firm, auditors will exercise more caution while doing them. The audit report will be delayed the longer the audit procedure takes. More audit committees may be formed by businesses to keep an eye on debt levels and reduce default risk. Therefore, the effect of late audit reports on the company's solvency will be minimal, even with a high number of audit committees.

H5: The Audit Committee moderates the influence of Solvency on Audit Report Lag.

Subsidiaries complicate the company's business processes. This complexity certainly impacts the diversity and complexity of a company's accounting records. Therefore, audits may take longer. This is because auditors need to expand the scope of their audit to reduce audit risk, especially the risk of errors in expressing opinions on financial reports. The number of company departments will affect the audit committee's ability to carry out its duties because more things must be investigated. In both cases, substantive audits or integrity testing conducted by the audit committee, also responsible for monitoring auditor independence, will help gather sufficient and relevant audit evidence and take the necessary time.

H6: The Audit Committee moderates the influence of Company Operational Complexity on Audit Report Lag.

METHOD

This type of research is quantitative. This study uses secondary data sources in the form of company financial reports. The data are financial reports from a facility and infrastructure company that has been listed on the Indonesia Stock Exchange since 2019-2022. The criteria for selecting research samples using the purposive sampling method are: (1) Facilities and Infrastructure Companies listed on the Indonesia Stock Exchange during the period 2019 to 2022. (2) Companies publish complete financial reports or annual reports during the research year (2019-2022) on the website of the Indonesia Stock Exchange (IDX) or the company website. (3) Companies publish financial reports in rupiah (Rp). (4) Facilities and Infrastructure Companies that did not experience delays in reporting during the 2019-2022 research period. The results of the sample selection were 128 samples.

The research model uses panel data regression analysis and Moderated Regression Analysis (MRA) which involves one dependent variable, three independent variables, and 1 moderating variable. This study uses 4 methods as follows: (1) Descriptive Statistical Test, (2) Classical Assumption Test, (3) Coefficient of determination

Test (R2), F Statistical Test, T Statistical Test and MRA Test. The research model uses two regression models to be estimated. In this study using 2 regression models, namely in testing this hypothesis using a tool, namely multiple linear regression analysis or also called Multiple Linear Regression by looking at the influence of independent variables on dependent variables. In this study, the multiple linear regression model is:

$$ARL = \alpha + \beta 1FD + \beta 2SOL + \beta 3KO + e$$

Description:
ARL = Audit Report Lag
α = Constant
FD = Financial Distress
SOL = Solvency
KO = Complexity of Company Operations β 1-β 3 = Multiple Regression Coefficient
e = error term

Furthermore, in the moderation regression analysis, it is processed by comparing the regression equation to identify the type of moderator variable. Here is the formula in this study:

$$ARL = \alpha + \beta 1FD + \beta 2SOL + \beta 3KO + \beta 4KA + \beta 5FD*KA + \beta 6SOL*KA + \beta 7KO*KA + e$$

Description:
ARL = Audit Report Lag
FD = Financial Distress
SOL = Solvency
KO = Complexity of Company Operations
KA = Audit Committee
FD*KA = Interaction between Financial Distress and Audit Committee
SOL*KA = Interaction between Solvency and Audit Committee
KO*KA = Interaction between Company Operation Complexity and Audit Committee
α = Constant
β = Regression Coefficient.
e = Error Term.

The following mentions how to measure the variables used in this study.

Financial Distress

Below is the Formula of the Altman Z-Score Model:

$$FD = 1{,}200\ Z1 + 1{,}400\ Z2 + 3{,}300\ Z3 + 0{,}600\ Z4 + 1{,}000\ Z5$$

Description:

FD = Financial Distress

Z1 = Working capital to total assets Z2 = Retained earnings to total assets Z3 = EBIT to total assets

Z4 = Market value equity to book value of total debt

Z5 = Sales to total assets

Solvency

Below is the Formula:

$$DAR = \frac{Total\ Hutang}{Total\ Asset} x\ 100\%$$

Complexity of Company Operation

Below is the Formula:

Complexity of Company Operations = Number of subsidiary entities

Audit Committee

Below is the Formula:

$$\text{Audit committee} = \frac{\text{Audit Committee Total}}{\text{Total Board of Commissioners}}$$

Audit Report Lag

Below is the Formula:

AuditReportLag=Audit Report Date – Financial Statement Date

RESULTS AND DISCUSSION

Table 1. Description Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Financial Distress	128	-6.90	2.94	-20.448	192.589
Solvency	128	0.01	1.23	0.440	0.30548
Complexity of company operations	128	0.00	40.00	73.828	792.695
Audit Report Lag	128	93.00	331.00	1.345.234	4.210.204
Audit Committee	128	0.33	1.50	0.9881	0.36072

Source: Secondary data processed by the author, 2024

From the table above, there are 128 samples and 5 variables tested. Each of these variables has different descriptive statistics.

Table 2. Regression Test

Variable	Equation 1			Equation 2		
	Beta	T	Sig	Beta	T	Sig
Constant	84.890	4.204	0.000	81.846	1.537	0.127
FD	-11.825	-2.840	0.005	-17.018	-1.480	0.141
SOL	63.191	2.407	0.18	30.057	0.458	0.648
KOP	-0.352	-0.764	0.446	-1.243	-0.982	0.328
KA	-	-	-	0.275	0.005	0.996
FD*KA	-	-	-	4.349	0.362	0.718
SOL*KA	-	-	-	36.894	0.518	0.605
KOP*KA	-	-	-	0.931	0.758	0.450

Source: Secondary data processed by the author, 2024

Based on this table, the following equation is obtained:

Equation 1:

$$ARL = 84.890 – 11.825FD + 63.191SOL – 0.352KO + e$$

Description:

ARL : *Audit Report Lag*
A : Constant
FD : *Financial distress*
SOL : Solvency
KO : Complexity of Company Operations
β 1-β 3 : Multiple Regression Coefficient
e : error term

The following interpretations are possible with equation 1:

The result is 84,890 as a constant number, meaning that the Audit Report Lag value is 84,890 if the variable values for financial hardship, solvency, and complexity of corporate processes are assumed to be constant or equal to 0.

The financial hardship variable has a regression coefficient of -11.825. This demonstrates that the Audit Report Lag will shrink as financial crisis rises. Conversely, a reduction in financial hardship will result in a larger Audit Report Lag.

For the solvency variable, the regression coefficient is 63,191. This demonstrates that an increase in solvency will result in a larger audit report lag. Conversely, the Audit Report Lag will be less as solvency declines.

The operational complexity variable of the firm has a regression coefficient of -0.352. This indicates that the Audit Report Lag will decrease as a company's activities get more sophisticated. Conversely, the Audit Report Lag would increase as a company's activities become less complicated.

Equation 2:

$$ARL = \alpha – 17.018FD + 30.0357SOL -1.243KO + 0.275 + 4.349FD*KA + 36.894SOL*KA + 0.931KO*KA + e$$

Information:

ARL : *Audit Report Lag*
FD : *Financial distress*
SOL : Solvency
KO : Complexity of Company Operations
KA : Audit Committee
FD*KA : Interaction between *Financial distress* and the Audit Committee
SOL*KA : Interaction between Solvency and the Audit Committee
KO*KA : Interaction between the Complexity of Company Operations and the Audit Committee
α : Constant
β : Regression Coefficient
e : Error Term

Equation 2 provides the basis for the description that follows:

The constant, or alpha, of 81,846 means that if the variable values of financial distress, solvency, and complexity of company operations—all of which are under the audit committee's moderation—remain constant or do not alter, then the audit report lag will be 81,846.

The FD*KA moderation value of +4,439 indicates that there will be an increase for each rise in FD*KA in the Audit Report Lag. Conversely, as the FD*KA value decreases, the Audit Report Lag will also decrease.

Every rise in SOL*KA in the Audit Report Lag will be accompanied by an increase, according to the SOL*KA moderation value of +36,894. Conversely, a drop in the SOL*KA value will result in a corresponding decrease in the Audit Report Lag.

Every rise in KOP*KA in the Audit Report Lag will be accompanied by an increase, according to the KOP*KA moderation value of +36,894. On the other hand, the Audit Report Lag will decrease in proportion to a reduction in the SOL*KA value. Equation 2 serves as the foundation for the following explanation:

The constant, or alpha, of 81,846 means that if the audit committee-regulated variable values of financial distress, solvency, and complexity of corporate operations stay constant or do not change, then the audit report lag will be 81,846.

The moderation value of +4,439 for FD*KA suggests that an increase in FD*KA will cause an increase in the Audit Report Lag. Conversely, as the FD*KA value decreases, the Audit Report Lag will also decrease.

The SOL*KA moderation value of +36,894 indicates that the Audit Report Lag will rise in tandem with each increase in SOL*KA. Conversely, a drop in the SOL*KA value will result in a corresponding decrease in the Audit Report Lag.

With a KOP*KA moderation value of +36,894, an increase in the Audit Report Lag will occur with each KOP*KA increase. Conversely, a drop in the SOL*KA value will result in a corresponding decrease in the Audit Report Lag.

Table 3. Multicollinearity Test

Variable	Tolerance	VIF	Explanation
Financial Distress	0.208	4.814	Not multicollinearity
Solvency	0.208	4.816	Not multicollinearity
Complexity of Company Operations	0.999	1.001	Not multicollinearity

Source: Secondary data processed by the author, 2024

Because the variable tolerance value is larger than 0.1 and the VIF value is less than 10, each variable does not have multicollinearity issues based on the test findings above.

Table 4. Autocorrelation Test

	Equation 1	Equation 2
Test Value	-1.359.373	-1.142.037
Cases < Test Value	64	64
Cases >= Test Value	64	64
Total Cases	128	128
Number of Runs	54	62
Z	-1.952	-0.532
Asymp. Sig. (2-tailed)	0,051	0,594

Source: Secondary data processed by the author, 2024

Since the significance probability values for Equations 1 and 2 in the table are more than 0.05, it can be said that not all variables exhibit heteroscedasticity.

	Equation 1		Equation 2	
	T	Sig	t	Sig
Financial Distress	-1.713	0,089	-0.991	0.324
Solvency	1.766	0,08	-0.516	0.607
Complexity of Company Operations	-1.470	0,144	-0.869	0.387
Audit Committee	-	-	-0.358	0.721
FD*KA	-	-	0.172	0.864
SOL*KA	-	-	1.119	0.233
KOP*KA	-	-	0.307	0.760

Table 5. Heteroscedasticity Test

Source: Secondary data processed by the author, 2024

It is evident from the table that the significant probability values for equations 1 and 2 are higher than 0.05, indicating that not all variables exhibit heteroscedasticity.

Explanation	Equation 1	Equation 2
R	0,256[a]	0,332[a]
R Square	0.066	0,11
Adjusted R Square	0.043	0,058
Std Error of the estimate	4.118.784	4.085.499

Table 6. Adjusted R Square

Source: Secondary data processed by the author, 2024

Equation 1's coefficient of determination (Adjusted R2) is 0.043 based on the above table. This shows that independent variables such as financial distress, solvency, and complexity of business operations influence 4.3% of Audit Report Lag distress. The remaining 95.7% of the misery is influenced by other variables. Equation 2 indicates that the adjusted R2 (or coefficient of determination) is 0.058. This shows that independent variables (financial distress, solvency, and complexity of corporate operations) influence 5.8% of Audit Report Lag distress, whereas other variables influence the remaining 94.2%.

Explanation	Equation 1	Equation 2
F	2.900	2.124
Sig	0.038	0,046

Table 7. F statistics

Source: Secondary data processed by the author, 2024

Because the probability value, at 0.038, is less than the significance threshold ($\alpha = 0.05$), this table shows that all independent variables have an effect on the dependent variable simultaneously. Compared to Ftable, the Fcount value is more relevant. Because the probability value of 0.046 in Equation 2 is less than 0.05, it is concluded that all independent factors have the same impact on the dependent variable.

Variable	t_{count}	t_{table}	Sig.	Std. Sig.	Explanation
Financial Distress	-2.84(	165.685	0.005	0,05	Significant
Solvency	2.407	165.685	0.018	0,05	Significant
Complexity of Company Operations	-0.76-	165.685	0.446	0,05	Not Significant

Table 8. Hypothesis Test

Source: Secondary data processed by the author, 2024

Based on the known values of the financial distress variable, which are tcount (-2.840) and significance value (0.005), it is concluded that financial distress significantly affects Audit Report Lag, with a value smaller than α = 0.05.

The solvency variable has a tcount (2.407) greater than ttable (1.65685) and a significance value of 0.018, which is less than α = 0.05, suggesting that solvency significantly affects audit report latency.

We can conclude that there is no significant relationship between the operational complexity of the company and audit report lag based on the calculated value of the operational complexity variable (-0.764) and the significance value (0.446), which is greater than α = 0.05, and smaller than the table value (1.65685).

Table 9. Moderation Test Result

Model	*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
	B	*Std. Error*	Beta		
1 (Constant)	81.846	53.018		1.537	0.127
Financial Distress	-17.018	11.497	-0.778	-1.480	0.141
Solvency	30.057	65.642	0.218	0.458	0.648
Complexity of Company Operations	-1.243	1.266	-0.234	-0.982	0.328
Audit committee	0.275	56.517	0.002	0.005	0.996
FD*KA	4.349	11.998	0.236	0.362	0.718
SOL*KA	36.894	71.176	0.313	0.518	0.605
KOP*KA	0.931	1.228	0.190	0.758	0.450

Source: Secondary data processed by the author, 2024

The financial distress and Audit Report Lag association was not significantly impacted by the audit committee's financial distress component. A significant value of 0.718, greater than α (0.05), and a t_{count} of 0.362, smaller than the t_{table} value of 1.65685, supported this.

The audit committee's t_{count} (0.518) is less than the ttable (1.65685) based on the solvency variable, and the significance value of 0.605 is more than the α (0.05) indicating that the audit committee has no discernible effect on the relationship between solvency and Audit Report Lag.

The results show that the audit committee has no discernible effect on the association between the complexity of the company's operations and Audit Report Lag, with the significance value (0.450) being bigger than α (0.05) and the t-count (0.758) being smaller than the table (1.65685).

Classification		Moderation Type	Conclusion
Moderating Variabel	**Interaction Variabel**		
KA 0,996 (Not significant)	FD*KA 0.718 (Not significant)	Homologiser moderasi	
KA 0,996 (Not significant)	SOL*KA 0,605 (Not significant)	Homologiser moderation	Variables that are considered as potential moderators: do not interact with the predictor (independent) variable and do not have a significant relationship with the dependent variable.
KA 0, 996 (Not significant)	KOP*KA 0,450 (Not significant)	Homologiser moderation	

Table 10. Moderation Test

Source: Secondary data processed by the author, 2024

The investigation's findings demonstrate that the audit committee has no control over the connection between solvency and audit report lag. Solvency and the audit committee, or X_2Z, have a substantial interaction with a significance value of 0.605, or more than 0.05.

The study's findings demonstrate that the audit committee has no influence on the relationship between an organization's operational complexity and audit report lag. The association between the complexity of the business's activities and the audit committee is more significant than 0.05, with a significance value of 0.450.

Financial distress affects Audit Report Lag.

Financial difficulties in a company indicate an increase in audit risk for independent auditors in the areas of detection risk and control risk. Unhealthy financial conditions confuse auditors' audit processes, lengthen audit periods, and increase delays. Auditors spend much time examining the financial statements of companies that have poor financial performance. The auditor's professional attitude to overcome obstacles during the audit process according to the contract terms, regardless of the client company's financial difficulties, to minimize the duration of the audit process and shorten the audit period. Research by Bella and Budiantoro (2023) and Karina, Julianto, and Review (2022) support the findings in this research, which state that financial distress affects Audit Report Lag.

Solvency influences Audit Report Lag.

Auditors must be careful when auditing companies that have large amounts of debt. Auditors' caution leads to more extended audit periods when submitting financial reports. The delay in submitting the report was due to the company's high debt risk, and management avoided conveying bad news to the public, which could affect share prices in the capital market. Financial difficulties cause a decline in the company's social image and lead to the decision to postpone the submission of financial reports to auditors. This research's findings align with the findings of Dewanto and Darsono (2023), showing that "solvency has a significant effect on Audit Report Lag. " Other research by Permana (2021) shows that solvency results affect Audit Report Lag.

The complexity of company operations influences Audit Report Lag

No matter how complicated the company's procedures became, the Audit Report Lag remained unaltered. According to this study, a company's operational complexity is determined by the number of subsidiaries it has. The operational complexity of a company can be interpreted as the complexity caused by the establishment of a subsidiary. Establishing a subsidiary has implications related to the increasingly complex company operations and the longer adjustment process, which impacts timely financial reporting. In this research, the level of operational complexity of a company is measured by the number of subsidiaries. The operational complexity of a company can be interpreted as the complexity caused by the establishment of a subsidiary. Establishing a subsidiary has implications related to the increasingly complex company operations and the longer adjustment process, which impacts timely financial reporting. Professional and competent auditors are immune to audit problems, whether small or large subsidiaries, because they apply the proper methods and strategies to complete audits on time.

The findings of this investigation corroborate those of Jannah, Hilmi, and Situmeang (2024) and Fakhriyah and Bawono (2024) who discovered no connection between the complexity of the audit and company operations. Submit a report on Lag. Furthermore, Hasibuan and Abdurahim (2017) contend that Audit Report Lag is impacted by the intricacy of an organization's activities. Research by Bambang and Waskito (2022) indicates that Audit Report Lag is impacted by the intricacy of an organization's operations.

The Audit Committee moderates the effect of financial distress on Audit Report Lag

A business may file for bankruptcy if it accrues significant debt and is unable to make payments. When businesses are having financial difficulties, independent auditors are more likely to carry out risk management and risk detection audits. Despite its knowledge of accounting and financial reporting, the audit committee has little control over when financial reports are submitted. According to the findings of Nurwidayanti and Bawono (2024), the audit committee has no control over how the financial crisis and Audit Report Lag are related.

The Audit Committee moderates the influence of Solvency on Audit Report Lag.

The length, variety of perspectives, and experience of the audit committee impact how quickly the financial report audit process moves for businesses with high or low profit margins. These factors have no effect on how slowly the process moves. The timely reporting of audited accounts is independent of a company's level of debt. When there are indications that the financial reports are unhealthy, management usually postpones the release of the reports. Companies are under pressure to provide audited financial reports to creditors faster as their debt levels rise. The results of this study by (Aulia & Setiawati, 2022) demonstrate that audit report lag is unaffected by solvency outcomes. The findings of (Tanujaya, 2022) that indicate the outcomes of the audit committee may modify the solvency of the Audit Report Lag are not supported by this study.

The Audit Committee moderates the influence of Company Operational Complexity on Audit Report Lag.

The number and location of a corporation's subsidiaries affect the operational complexity degree of that company. A complex technological system that connects the branch and the parent company allows management to receive prompt support beginning with financial reporting, preventing the presence of a subsidiary from materially affecting the audit stage and causing audit delays. Increasing the number of audit boards according to OJK

requirements and regulations will reduce audit delays. The Audit Committee oversees management's involvement in accounting and financial reporting, and because of integrated systems and supervisory support, financial report audits are finished on schedule. The results of this study corroborate those of a study conducted in Bambang and Waskito (2022), which found no relationship between Audit Report Lag and the complexity of a company's operations. Additional study by Jannah et al. (2024) demonstrates that Audit Report Lag is not impacted by firm complexity. Dewi and Suputra (2017) study findings demonstrate that audits are unable to control the intricacy of business processes with relation to audit report lag.

CONCLUSION

Based on the data analysis related financial difficulties, solvency, and complexity of company with audit committee as a moderating variable on Audit report lag, the conclusions are: there is a statistically significant impact of financial hardship on the Audit Report Lag of infrastructure businesses listed on the Indonesia Stock Exchange. Solvency has an impact (statistically significant) on the Audit Report Lag of infrastructure on the Indonesia Stock Exchange. Complexity of a company's activities has no statistically significant impact on the Audit Report Lag of infrastructure businesses listed on the Indonesia Stock Exchange. The audit committee's moderating of financial hardship has no statistically significant impact on the Audit Report Lag of infrastructure businesses listed on the Indonesia Stock Exchange. The audit committee's slackness, as measured by the Audit Report Lag of infrastructure businesses listed on the Indonesia Stock Exchange, has no statistically significant impact. The audit committee's sagacity that it has no statistically significant impact on the Audit Report Lag of infrastructure businesses listed on the Indonesia Stock Exchange. By paying attention to the variables that affect audit report delay, investors can use the findings of this study to optimize their investment decision making. In addition, can also help auditors to complete audit reports with less time, accuracy, and quality.

In this research process, there are obstacles that hinder this learning process, namely limited sampling of infrastructure companies on the IDX, so this study is less able to reflect good corporate governance as a whole. Because the sample size is limited to the infrastructure business/company of the IDX, this study cannot accurately reflect strong corporate governance in general. The independent variables in this study are only financial distress, solvency, and the complexity of the company's operations, with an adjusted R2 value of 4.3% proving that audit report lag can be influenced by factors other than this study. The author uses the Audit Committee as a moderating variable, but there are still many other variables that can mitigate the effect of audit report delays.

The author's suggestion based on the conclusions and limitations above, namely that the research to be conducted is expected to be able to replace other object criteria in research such as the banking, manufacturing, FMCG, or mining industries, so that the research results are useful for parties in need. Further research is expected to explore more widely the variations of other independent variables that have the potential to influence audit report lag. In addition, further research is expected to be able to add a research period not only from 2019-2022, so that there is a picture that is close to the actual situation regarding financial distress, solvency, and complexity of company operations which are moderated by the audit committee variable on audit report lag. Research on the testing of models for financial hardship, solvency, and complexity of company operations on Audit Report Lag,

with the audit committee serving as moderators, allows the following findings to be made.

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