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Determinants of audit reporting: The moderating role of the audit committee

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***Abstract*---**This study examines the effects of profitability, solvency, audit tenure, and firm size on audit report lag, with the audit committee serving as a moderating variable. A quantitative explanatory approach was employed using secondary data obtained from the audited financial statements and annual reports of property, real estate, and building construction companies listed on the Indonesia Stock Exchange during 2020–2024. Purposive sampling resulted in 40 companies and 200 firm-year observations. The data were analyzed using descriptive statistics, classical assumption tests, multiple linear regression, and Moderated Regression Analysis. The results show that profitability, solvency, and audit tenure have negative and statistically significant effects on audit report lag, whereas firm size has no significant effect. The audit committee has a positive and significant direct effect on audit report lag. Furthermore, the interaction effects between the audit committee and profitability, solvency, and audit tenure are positive and significant. These findings indicate that the audit committee weakens the negative effects of

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profitability, solvency, and audit tenure on audit report lag. Thus, more intensive audit committee oversight may reduce the acceleration of audit completion because additional review, verification, and coordination procedures require more time. The study contributes to the audit timeliness literature by integrating financial characteristics, auditor–client engagement, and corporate governance within a single empirical model in a sector characterized by complex transactions and substantial information asymmetry.

***Keywords*---**audit report lag, profitability, solvency, audit tenure, firm size, audit committee.

Introduction

The timely publication of audited financial statements is essential for maintaining the relevance, reliability, and credibility of corporate financial information. A prolonged audit completion process may increase uncertainty among investors and reduce stakeholders' confidence in a company's financial statements. Delays may also indicate complexities in financial reporting, limitations in the audit process, or internal organizational problems. Consequently, audit reporting delays may create significant risks for investors, regulators, and other stakeholders because they can reflect weaknesses in transparency and efficiency within the corporate reporting process.

In Indonesia, the submission of annual reports by publicly listed companies is regulated by the Financial Services Authority. Article 7 paragraph 1 of Financial Services Authority Regulation No. 29/POJK.04/2016 requires issuers and public companies to submit their annual reports no later than the end of the third month following the end of the financial year. Companies that fail to meet the reporting deadline may be subject to administrative sanctions, including written warnings, financial penalties, restrictions or suspension of business activities, revocation of business licenses, and cancellation of approvals or registrations. Despite these regulatory requirements, delays in submitting audited financial statements remain common among companies listed on the Indonesia Stock Exchange.

Official announcements issued by the Indonesia Stock Exchange indicate that a considerable number of listed companies failed to submit their audited financial statements within the specified deadlines during the 2020–2024 period. Based on Announcement No. Peng-LK-00006/BEI.PP1/07-2021, 52 listed companies had not submitted their audited financial statements for the financial year ending December 31, 2020. The number increased to 91 companies for the 2021 financial year, as reported in Announcement No. Peng-LK-00003/BEI.PP1/05-2022. Although the number declined to 61 companies for the 2022 financial year under Announcement No. Peng-LK-00009/BEI.PP1/05-2023, it increased substantially to more than 120 companies in both 2023 and 2024. These figures demonstrate that late financial reporting remains a persistent issue, even as the number of companies required to submit annual financial statements continues to grow.

Among the sectors listed on the Indonesia Stock Exchange, the property, real estate, and building construction sector consistently accounts for a relatively high proportion of companies that fail to submit their annual financial statements on time. During 2022–2024, this sector recorded 22, 36, and 34 late-reporting companies, respectively. These figures indicate that delayed audit reporting is particularly relevant in this sector. Property, real estate, and construction companies operate under complex business conditions involving long-term projects, substantial financing requirements, significant accounting estimates, and diverse asset classifications. Revenue recognition based on project completion, the valuation of land inventories and properties under construction, the measurement of investment properties, and the assessment of asset impairment may require extensive verification by external auditors. These characteristics increase audit complexity and may prolong the time required to complete the audit process.

Audit reporting timeliness, commonly measured through audit report lag, may be influenced by the financial characteristics of a company. Profitability is expected to affect audit report lag because highly profitable companies generally have stronger incentives to communicate favorable performance to the market without unnecessary delay. Companies with better profitability may also have more effective financial reporting systems, thereby facilitating the audit process. Solvency may similarly influence audit completion because highly leveraged companies tend to face greater financial risk, closer scrutiny from creditors, and more extensive audit procedures. However, prior studies have produced inconsistent findings. Tampubolon and Siagian (2020) found that solvency had a significant negative effect on audit report lag, whereas Bawono et al. (2023) reported a significant positive effect. In contrast, Prastiwi and Farida (2024) found no significant relationship between solvency and audit report lag.

Firm size is another company-specific factor that may determine the timeliness of audit reporting. Large firms generally possess more extensive accounting resources, stronger internal control systems, and greater pressure from investors and regulators to publish their financial statements promptly. These advantages may reduce audit report lag. Nevertheless, large companies also tend to have more complex transactions, business segments, and subsidiaries, which may increase the scope of audit procedures. Consequently, the relationship between firm size and audit reporting remains inconclusive. While firm size has frequently been associated with shorter audit delays, Endri et al. (2024) found that firm size did not significantly affect audit report lag.

In addition to company characteristics, auditor-related factors may influence the duration of the audit process. Audit tenure reflects the length of the engagement relationship between an audit firm and its client. A longer audit tenure may improve the auditor’s understanding of the client’s business operations, accounting systems, and internal controls, thereby increasing audit efficiency. Conversely, an excessively long engagement may reduce auditor independence and professional skepticism. Empirical evidence regarding this relationship remains inconsistent. Dao and Pham (2014) suggested that shorter audit tenure may prolong audit report lag because newly appointed auditors require additional time to understand the client’s operations and reporting systems. However, Abdillah et al. (2019) found no significant relationship between longer audit tenure and audit report lag. Similarly, auditor reputation is often expected to improve audit efficiency, although Endri et al. (2024) found that the effect of Big Four audit firms was not consistently significant.

Corporate governance mechanisms may help explain the inconsistent relationships between company characteristics, auditor characteristics, and audit reporting timeliness. In particular, the audit committee is responsible for monitoring financial reporting, internal controls, and the external audit process. An effective audit committee can facilitate communication between management and external auditors, address accounting issues at an earlier stage, and monitor the timely completion of audited financial statements. Audit committee characteristics, including financial expertise, committee size, independence, and meeting frequency, have been shown to contribute to shorter audit report lag (Arie et al., 2021). Tampubolon and Siagian (2020) further suggested that the audit committee may operate as a moderating mechanism that changes the effects of other determinants on audit reporting.

Despite the growing literature on audit report lag, several research gaps remain. First, previous studies have not reached consistent conclusions regarding the effects of profitability, solvency, audit tenure, and firm size on audit reporting. Second, earlier studies have generally examined these determinants separately, while relatively few have integrated financial characteristics, auditor characteristics, and corporate governance mechanisms into a single empirical model. Third, most prior studies have focused on manufacturing companies or all companies listed on the Indonesia Stock Exchange, whereas sector-specific evidence from property, real estate, and building construction companies remains limited. This contextual gap is important because these companies have relatively complex transactions, long project cycles, substantial leverage, and significant information asymmetry.

This study addresses these gaps by examining the effects of profitability, solvency, audit tenure, and firm size on audit reporting, while positioning the audit committee as a moderating variable. Drawing on agency theory and compliance theory, the study assumes that conflicts of interest and information asymmetry between management and stakeholders may influence the timeliness of audited financial reporting, whereas an effective audit committee can strengthen oversight of management and coordination with external auditors. The novelty of this study lies in integrating firm financial characteristics, auditor engagement characteristics, and the audit committee within a single quantitative model, using recent data from the 2020–2024 period in a sector that consistently records a high incidence of late financial reporting.

Accordingly, this study aims to empirically examine the effects of profitability, solvency, audit tenure, and firm size on audit reporting among property, real estate, and building construction companies listed on the Indonesia Stock Exchange during 2020–2024. It also investigates whether the audit committee moderates the relationships between each determinant and audit reporting. The findings are expected to extend the application of agency theory and compliance theory in a sector characterized by high business complexity and information asymmetry, while providing practical insights for companies, auditors, audit committees, investors, and regulators seeking to improve the timeliness of audited financial reporting.

Literature Review and Hypothesis Development

Profitability reflects a company's ability to generate earnings from its operational activities and indicates management's effectiveness in utilizing corporate resources (Ross, 1973). From a signaling theory perspective, high profitability represents good news that management is motivated to communicate promptly to investors and other stakeholders. Consequently, profitable companies have stronger incentives to accelerate the audit process and publish their audited financial statements without unnecessary delay (Behnampour & Momeni, 2025). Khoufi and Khoufi (2018) found that profitability was negatively and significantly associated with audit report lag, indicating that companies with higher profitability required less time to complete and issue their audit reports. Similar findings were reported by Tampubolon and Siagian (2020), who argued that profitable companies accelerate audit completion because they wish to disclose favorable performance to the market. Setiyowati and Januarti (2022) further showed that companies failing to achieve their profitability targets may take longer to prepare their financial statements and initiate the external audit. The negative association between profitability and audit reporting delay is also supported by Viet et al. (2018), Widiastuti and Rofiqoh (2024), and Endri et al. (2024). Based on these theoretical arguments and empirical findings, the first hypothesis is formulated as follows:
H1: Profitability has a negative effect on audit reporting.

Solvency represents a company's ability to meet its financial obligations and reflects the level of financial risk arising from its capital structure. Companies with a strong capacity to repay their obligations may face lower uncertainty and provide auditors with more reliable evidence regarding their financial sustainability, thereby facilitating a more efficient audit process (Tampubolon & Siagian, 2020). Tannuka (2018) noted that debt levels affect the scope of audit procedures because auditors must evaluate repayment capacity, bankruptcy risk, and going-concern uncertainty. Nevertheless, Yendrawati and Mahendra (2018) found that companies with higher solvency tended to complete their audits more quickly due to pressure from creditors to publish audited financial information promptly. A significant negative relationship between solvency and audit report lag was also documented by Natonis and Tjahjadi (2019), Tampubolon and Siagian (2020), Oh and Jeon (2022), and Sulimany (2024). These findings suggest that companies capable of managing their obligations effectively may reduce perceived financial risk and facilitate audit completion. Conversely, Abdillah et al. (2019) and Abdullatif et al. (2025) argued that high leverage could increase audit report lag because greater debt exposure requires more extensive verification of liabilities, financial distress, and going-concern risk. Despite these differing findings, this study proposes that stronger solvency reflects better financial stability and supports more timely audit completion. Accordingly, the second hypothesis is formulated as follows:
H2: Solvency has a negative effect on audit reporting.

Audit tenure refers to the number of consecutive years in which the same public accounting firm provides audit services to a client (Rachman & Astri, 2024). Agency theory positions external auditors as monitoring mechanisms responsible for reducing information asymmetry and assessing whether management's financial reporting appropriately represents corporate performance. A longer auditor–client relationship may improve the auditor's understanding of the client's business processes, accounting systems, internal controls, operational procedures, and specific audit risks. This accumulated knowledge reduces the auditor's learning time and enables audit procedures to be designed and implemented more efficiently. Wiedjaja and Eriandani (2021) found that longer audit tenure was associated with shorter audit reporting periods, whereas shorter tenure tended to prolong audit completion because newly appointed auditors required additional time to understand the client's operations. Tampubolon and Siagian (2020) similarly explained that companies may retain an experienced audit firm to improve reporting efficiency and avoid regulatory delays, although an excessively long engagement may create concerns regarding auditor independence. The negative association between audit tenure and audit report lag is further supported by Abdillah et al. (2019), Rahaman and Bhuiyan (2025), and Abouelela et al. (2025). Therefore, the third hypothesis is formulated as follows:
H3: Audit tenure has a negative effect on audit reporting.

Agency theory recognizes the audit committee as an internal corporate governance mechanism established to monitor management, reduce information asymmetry, and improve the reliability and timeliness of financial reporting. An effective audit committee regularly communicates with management, internal auditors, external auditors, and the board of commissioners to identify and resolve accounting and auditing issues that may delay audit completion. Habib et al. (2019) emphasized that regular meetings enable audit committees to respond more actively to changes and complexities in the financial and business environment. Setiyowati and Januarti (2022) found that audit committee effectiveness, including adequate membership, financial expertise, and meeting frequency, significantly shortened audit report lag by accelerating the resolution of audit issues and reducing prolonged negotiations between management and auditors. Joy (2018) and Tampubolon and Siagian (2020) further reported that the audit committee strengthened the relationship between profitability and audit reporting. Afifah and Chariri (2023) also demonstrated that audit committee oversight could alter the strength of the relationship between company characteristics and audit completion time. Effective oversight is expected to reinforce management's incentive to promptly disclose favorable profitability information by improving internal control quality and reducing the extent of substantive audit testing. This argument is supported by Yendrawati and Mahendra (2018), Ghafran and Yasmin (2018), Abdillah et al. (2019), Aljaaidi et al. (2019), Al-Qublani et al. (2020), Nazieh Ezata et al. (2021), and Ghafran et al. (2022). Thus, the fourth hypothesis is formulated as follows:
H4: The audit committee strengthens the negative effect of profitability on audit reporting.

An effective audit committee may strengthen the effect of solvency on audit reporting by intensifying the supervision of financial reporting and external audit procedures, particularly when a company is exposed to substantial financial risk.

From an agency theory perspective, stronger audit committee oversight can reduce uncertainty regarding liabilities, creditor claims, and the company's ability to continue operating. This oversight facilitates the early identification of material accounting issues and improves communication between management and external auditors, thereby reducing delays in audit completion. Durand (2019) showed that companies have incentives to communicate favorable financial information promptly, while Oussii and Boulila Taktak (2018) demonstrated that audit committee effectiveness, particularly members' financial expertise, contributed to more timely audit completion. Tampubolon and Siagian (2020) found that an effective audit committee moderated the relationship between solvency and audit report lag by strengthening the negative effect of solvency on the duration of audit completion. This suggests that active, competent, and adequately structured audit committees can mitigate the audit complexities associated with financial obligations and promote transparency, even when a company faces solvency-related concerns. Similar evidence regarding the contribution of audit committee competence and oversight to timely audit reporting was provided by Ghafran and Yasmin (2018), Abdillah et al. (2019), Aljaaidi et al. (2019), Al-Qublani et al. (2020), Nazieh Ezata et al. (2021), and Ghafran et al. (2022). Accordingly, the fifth hypothesis is formulated as follows:
H5: The audit committee strengthens the negative effect of solvency on audit reporting.

Agency theory suggests that an effective audit committee can strengthen the benefits of audit tenure while controlling the independence risks that may arise from a long-term auditor–client relationship. Longer audit tenure may improve audit efficiency because auditors accumulate knowledge about the client's business, systems, and reporting risks; however, prolonged engagement may also create familiarity threats and reduce professional skepticism. An independent and competent audit committee can balance these conditions by overseeing auditor appointments, evaluating audit quality, monitoring auditor independence, and ensuring that management provides the information required to complete the audit promptly. Empirical studies conducted by Ghafran and Yasmin (2018), Oussii and Boulila Taktak (2018), Al-Ebel et al. (2020), Raweh et al. (2021), and Tampubolon and Siagian (2020) indicate that effective audit committee oversight can improve audit timeliness and mitigate risks arising from prolonged auditor–client relationships. Ashraf et al. (2020) and Syofyan et al. (2021) similarly showed that stronger audit committee monitoring contributes to shorter audit reporting periods by maintaining independent supervision and facilitating communication with external auditors. Therefore, the efficiency generated through accumulated auditor knowledge is expected to become more pronounced when supported by an effective audit committee. Based on this reasoning, the sixth hypothesis is formulated as follows:
H6: The audit committee strengthens the negative effect of audit tenure on audit reporting.

Methods

This study employed a quantitative explanatory design to examine the effects of profitability, solvency, audit tenure, and firm size on audit reporting, as well as the moderating role of the audit committee. The study used secondary data obtained from the audited financial statements and annual reports of property, real estate, and building construction companies listed on the Indonesia Stock Exchange during 2020–2024. The sample was selected using purposive sampling based on the availability and completeness of the required financial, auditing, and corporate governance data. This procedure resulted in 40 companies and 200 firm-year observations. Audit reporting was measured using audit report lag, calculated as the number of calendar days between the end of the financial year and the date of the independent auditor's report. Profitability and solvency were measured using the financial ratios specified in the study, audit tenure was measured by the number of consecutive years in which the same public accounting firm audited the company, firm size was measured using the natural logarithm of total assets, and the audit committee was measured based on the number of audit committee members disclosed in the annual report.

The data were analyzed using descriptive statistics, classical assumption tests, multiple linear regression, and Moderated Regression Analysis. Descriptive statistics were used to summarize the characteristics of each variable, while normality, multicollinearity, heteroscedasticity, and autocorrelation tests were conducted to assess the suitability of the regression model. Multiple linear regression was used to examine the direct effects of profitability, solvency, audit tenure, and firm size on audit report lag. Moderated Regression Analysis was subsequently performed by including the audit committee variable and interaction terms between the audit committee and profitability, solvency, and audit tenure. A significant interaction coefficient indicated that the audit committee moderated the corresponding relationship, while the direction of the coefficient was used to determine whether the moderating effect strengthened or weakened the relationship. Hypotheses were tested at a 5 percent significance level.

Results and Discussion

The classical assumption tests were conducted to assess the suitability of the regression model. As summarized in Table 1, the Kolmogorov–Smirnov test produced a significance value of 0.053, indicating that the residuals were normally distributed. All tolerance values exceeded 0.10, while the variance inflation factor values were below 10, indicating the absence of multicollinearity among the main predictors. Although the Durbin–Watson statistic did not meet the required interval, the Runs Test yielded a significance value of 0.920, indicating no residual autocorrelation. The Glejser test also showed significance values above 0.05 for all variables and interaction terms, confirming the absence of heteroscedasticity. Therefore, the regression model satisfied the classical assumptions and was considered appropriate for further analysis.

Table 1. Summary of Classical Assumption Tests

Test	Evaluation criterion	Result	Conclusion
Normality	Kolmogorov–Smirnov significance >	0.053	Residuals were normally distributed

Test	Evaluation criterion	Result	Conclusion
	0.05		
Multicollinearity	Tolerance > 0.10 and VIF < 10	Tolerance: 0.729–0.979; VIF: 1.022–1.371	No multicollinearity was detected
Autocorrelation	Runs Test significance > 0.05	Durbin–Watson = 1.693; Runs Test = 0.920	No residual autocorrelation was detected based on the Runs Test
Heteroscedasticity	Glejser significance > 0.05	0.265–0.935	No heteroscedasticity was detected

Primary Data, 2026

The Moderated Regression Analysis results are presented in Table 1. The model was statistically significant, with an F-value of 164.741 and a probability value below 0.001. The model generated an R^2 of 0.873 and an adjusted R^2 of 0.868, indicating that profitability, solvency, audit tenure, firm size, the audit committee, and the interaction variables explained 86.8% of the variation in audit report lag. The remaining 13.2% was explained by factors outside the model. The estimated regression equation was:

$Y = 82.607 - 97.658X_1 - 3.186X_2 - 10.208X_3 + 2.854M + 1.247X_1{*}M + 0.032\ X_2{*}M + 0.126X_3{*}M$

Table 2. Moderated Regression Analysis and Hypothesis Testing

Variable	B	Standardized β	t-value	p-value	Finding
Constant	82.607	—	21.828	<0.001	—
Profitability	−97.658	−2.459	−15.685	<0.001	Negative and significant
Solvency	−3.186	−0.297	−4.260	<0.001	Negative and significant
Audit tenure	−10.208	−1.474	−11.671	<0.001	Negative and significant
Firm size	0.141	0.030	1.072	0.285	Not significant
Audit committee	2.854	0.251	8.745	<0.001	Positive and significant
Profitability × Audit committee	1.247	2.525	15.822	<0.001	Positive and significant
Solvency × Audit committee	0.032	0.163	2.781	0.006	Positive and significant
Audit tenure × Audit committee	0.126	1.361	10.647	<0.001	Positive and significant

Model summary: F = 164.741; p < 0.001; R^2 = 0.873; adjusted R^2 = 0.868; standard error of the estimate = 3.59562.

Profitability and Audit Report Lag

Profitability had a negative and statistically significant effect on audit report lag, as indicated by a standardized coefficient of −2.459 and a probability value below 0.001. Therefore, H1 was supported. The result indicates that companies with higher profitability tend to complete and publish their audited financial statements more quickly. From an agency and signaling perspective, high profitability represents favorable information demonstrating that management has generated satisfactory performance for shareholders. Management therefore has little incentive to postpone the audit process and is motivated to communicate the positive results to the market promptly. Profitable companies may also have better organized accounting systems, more transparent records, and sufficient resources to support the audit process, thereby reducing the time required by external auditors. Conversely, companies with poor performance may delay financial reporting to avoid negative market assessments. This finding is consistent with Natonis and Tjahjadi (2019), Tampubolon and Siagian (2020), Setiyowati and Januarti (2022), Alsheikh and Alsheikh (2023), Bawono et al. (2023), Widiastuti and Rofiqoh (2024), and Endri et al. (2024), who reported that higher profitability was associated with shorter audit report lag. It is also supported by Yusuf et al. (2025) and Nainggolan and Sinaga (2025), who emphasized that favorable performance encourages accountability, transparency, and timely reporting.

Solvency and Audit Report Lag

Solvency had a negative and statistically significant effect on audit report lag, with a standardized coefficient of −0.297 and a probability value below 0.001. Thus, H2 was supported. This finding indicates that an improvement in the solvency measure used in this study was associated with a shorter audit completion period. Agency theory suggests that financial obligations create monitoring pressure from creditors and other capital providers. Such pressure may encourage management to improve transparency, organize financial records, and publish audited financial statements promptly to maintain creditor confidence. Stronger financial conditions may also reduce perceived audit risk and allow auditors to allocate less time to assessing financial distress and going-concern uncertainty. The result is consistent with Ariani and Bawono (2018), Natonis and Tjahjadi (2019), Tampubolon and Siagian (2020), Oh and Jeon (2022), and Sulimany (2024), who documented a negative association between solvency and audit report lag. The finding further supports the argument that creditor monitoring can reduce information asymmetry and encourage more accountable financial reporting (Yusuf et al., 2025). However, the economic interpretation of this coefficient must remain consistent with the operational definition of solvency. When solvency is measured using a leverage ratio such as the debt-to-equity ratio, the direction should be interpreted according to whether a higher score represents stronger solvency or greater financial risk.

Audit Tenure and Audit Report Lag

Audit tenure had a negative and statistically significant effect on audit report lag, as shown by a standardized coefficient of −1.474 and a probability value below 0.001. Therefore, H3 was supported. Longer auditor–client engagements enable auditors to accumulate knowledge regarding the client's business model, accounting system, internal controls, operational risks, and reporting practices.

This accumulated understanding reduces the time required to learn about the client and enables auditors to design more efficient audit procedures. From an agency theory perspective, an experienced external auditor can perform the monitoring function more efficiently and reduce the information gap between management and shareholders. The finding is consistent with Wiedjaja and Eriandani (2021), Ananda et al. (2025), Abouelela et al. (2025), and Sari et al. (2025), who found that longer audit tenure shortened audit completion time. It is also consistent with the meta-analytical evidence reported by Habib et al. (2019). Although Abdillah et al. (2019), Farumi et al. (2023), and Prasetyo and Kuntadi (2024) reported different results, the present evidence supports the efficiency argument that repeated engagements improve auditor familiarity and accelerate audit completion.

The Moderating Role of the Audit Committee in the Profitability–Audit Report Lag Relationship

The interaction between profitability and the audit committee was positive and statistically significant, with a standardized coefficient of 2.525 and a probability value below 0.001. Because the direct effect of profitability was negative while the interaction coefficient was positive, the audit committee weakened rather than strengthened the negative effect of profitability on audit report lag. Consequently, H4 was not supported. The positive interaction indicates that the audit committee reduced the extent to which profitability accelerated audit completion. Agency theory positions the audit committee as a monitoring mechanism responsible for ensuring the integrity of financial reporting. However, stronger monitoring may require additional reviews, documentation, clarification, and communication with external auditors, even when the company reports favorable financial performance. Compliance theory similarly suggests that audit committees must ensure that reporting and audit procedures comply with applicable standards, which may require formal meetings, document reviews, follow-up procedures, and approval processes. These activities may improve audit quality but also offset the reporting speed associated with high profitability. The finding is consistent with Raweh et al. (2019), Al-Ebel et al. (2020), and Endri et al. (2024), who found that stronger or larger audit committees did not necessarily accelerate audit completion. Oussii and Boulila Taktak (2018), Habib et al. (2019), and Jizi et al. (2025) similarly suggested that intensive committee oversight may increase the time required for financial statement review and audit resolution.

The Moderating Role of the Audit Committee in the Solvency–Audit Report Lag Relationship

The interaction between solvency and the audit committee had a positive and statistically significant coefficient of 0.163, with a probability value of 0.006. Since the direct coefficient of solvency was negative and the interaction coefficient was positive, the audit committee weakened the negative relationship between solvency and audit report lag. Thus, H5 was not supported. Although favorable solvency conditions may facilitate faster audit completion, an active audit committee may continue to conduct extensive reviews of debt agreements, covenant compliance, contingent liabilities, unrecorded obligations, and going-concern risks. Such procedures may reduce the acceleration effect generated by favorable financial conditions. From an agency theory perspective, the audit committee protects shareholders and creditors by monitoring management's disclosure of liabilities and reducing the possibility that financial risks are concealed. Compliance theory further explains that the committee must ensure adherence to accounting standards, contractual obligations, and financial reporting regulations. These monitoring and verification activities may enhance the reliability of debt-related information, but they can also require additional time. The result is consistent with Alsheikh and Alsheikh (2023), who found that the ability of solvency to shorten audit completion weakened as audit committee characteristics increased. It is also supported by Raweh et al. (2019) and Endri et al. (2024), who documented a positive relationship between audit committee characteristics and audit reporting time. Accordingly, the audit committee reduces the direct acceleration effect of solvency by increasing the depth and caution of the audit process.

The Moderating Role of the Audit Committee in the Audit Tenure–Audit Report Lag Relationship

The interaction between audit tenure and the audit committee was positive and statistically significant, with a standardized coefficient of 1.361 and a probability value below 0.001. Because audit tenure had a negative direct effect while its interaction with the audit committee was positive, the audit committee weakened the negative effect of audit tenure on audit report lag. Therefore, H6 was not supported. A longer auditor–client relationship generally improves audit efficiency through accumulated client-specific knowledge. Nevertheless, prolonged engagement may also create familiarity, self-interest, and complacency threats that reduce auditor independence and professional skepticism. The audit committee may respond by intensifying its evaluation of auditor independence, requesting additional audit procedures, reviewing critical audit issues, or recommending partner rotation and quality reviews. These procedures can reduce the time-saving benefits associated with longer audit tenure. From an agency theory perspective, this additional monitoring is necessary to ensure that the auditor remains objective in protecting shareholders' interests. Compliance theory also requires the audit committee to monitor auditor rotation and engagement-period requirements. The result supports Abdillah et al. (2019), who emphasized that audit committee oversight covers financial reporting, internal control, and the external audit process. Thus, while audit tenure improves auditor familiarity and efficiency, the audit committee limits this acceleration effect by placing greater emphasis on independence, professional skepticism, and audit quality.

Firm size did not have a statistically significant effect on audit report lag, as indicated by a standardized coefficient of 0.030 and a probability value of 0.285. This finding suggests that differences in company scale did not independently determine audit completion time after financial, auditor-related, governance, and interaction variables were considered. Meanwhile, the audit committee had a positive and significant direct effect on audit report lag. Because both the audit committee's direct effect and all three interaction effects were statistically significant, the audit committee should be classified as a quasi-moderator, rather than a pure moderator. This result indicates that the audit committee directly affects audit report lag while simultaneously changing the effects of profitability, solvency, and audit tenure on audit completion time.

Conclusion

This study examined the effects of profitability, solvency, audit tenure, and firm size on audit report lag, as well as the moderating role of the audit committee, among property, real estate, and building construction companies listed on the Indonesia Stock Exchange during 2020–2024. The results demonstrate that profitability, solvency, and audit tenure have negative and statistically significant effects on audit report lag. These findings indicate that companies with stronger financial performance, better solvency conditions, and longer auditor–client relationships tend to complete their audits more quickly. In contrast, firm size does not significantly affect audit report lag, suggesting that company scale alone does not determine the timeliness of audit completion when financial conditions, auditor characteristics, and governance mechanisms are considered simultaneously.

The audit committee has a positive and significant direct effect on audit report lag and significantly moderates the effects of profitability, solvency, and audit tenure. However, the positive interaction coefficients indicate that the audit committee weakens, rather than strengthens, the negative effects of these three determinants on audit report lag. Therefore, the hypotheses proposing a strengthening moderating effect are not supported. This result suggests that more intensive audit committee oversight may increase the time required for reviews, verification, communication, and the resolution of audit issues. Although these procedures may reduce the acceleration effect associated with favorable financial performance and accumulated auditor knowledge, they may also improve the reliability, transparency, and compliance of the reporting process. Overall, the findings extend agency theory and compliance theory by demonstrating that governance mechanisms may involve a trade-off between audit timeliness and the depth of financial reporting oversight.

Managerial Implications

The findings suggest that management should improve the quality and readiness of financial records, strengthen internal controls, and establish effective coordination with external auditors before the end of the reporting period to reduce audit report lag. Companies should also maintain financial stability and provide auditors with timely access to complete information concerning profitability, debt obligations, contractual arrangements, and going-concern risks. Although longer audit tenure may increase efficiency through accumulated client knowledge, companies and audit committees must continue to safeguard auditor independence and professional skepticism. Audit committees should not focus solely on increasing their size or the number of meetings, but should emphasize members' financial expertise, clearly defined responsibilities, efficient communication, and the timely resolution of audit findings. Such measures can preserve the quality of oversight while preventing unnecessary procedural complexity from prolonging the audit process.

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