



## The Effect of Firm Size, Operational Complexity, and Corporate Governance on *Audit Report Lag*

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### ABSTRACT

This study aims to analyze the effects of firm size, operational complexity, and corporate governance mechanism (managerial ownership, institutional ownership, independent board of commissioners, and audit committee) on *Audit Report Lag*. The population consists of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period. Using a purposive sampling technique, 60 companies were selected, producing 240 firm-year observations. Data were analyzed using multiple linear regression with the assistance of SPSS version 25. The results show that firm size has a negative and significant effect on *Audit Report Lag*, operational complexity has a positive and significant effect on *Audit Report Lag*, and managerial ownership has a negative and significant effect on *Audit Report Lag*. Meanwhile, institutional ownership, the independent board of commissioners, and the audit committee do not have a significant effect on *Audit Report Lag*.

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## INTRODUCTION

The expansion of publicly listed companies has raised the demand for independent verification of financial statements. Because financial statements serve as the principal tool for gauging and assessing a firm's performance, they underpin its long-term sustainability. To stay useful, financial information must be complete, transparent, and delivered promptly, and timeliness is widely regarded as one of the qualities that make accounting disclosures relevant (Diah Aryanti & Suryaputri, 2022). *Audit Report Lag* (ARL) the span between a company's fiscal year-end and the date its independent auditor signs the report is the metric most often used to capture how quickly financial reports reach users (Kaaroud *et al.*, 2020).

Firms listed on the IDX must file audited financial statements with the Financial Services Authority (Otoritas Jasa Keuangan/OJK), the body responsible for supervising the capital market. Prompt delivery of these statements matters to investors because it narrows the uncertainty surrounding their investment choices, yet timeliness is naturally bounded by how long the audit itself takes, since a report can only be released once the audit work is finished (Bhuiyan & D'Costa, 2020).

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Table 1. Number of Energy Sector Companies That Were Late in Submitting Their Financial Reports for the 2021-2024 Period

| Year | Number of Cases |
|------|-----------------|
| 2021 | 12 Company      |
| 2022 | 16 Company      |
| 2023 | 15 Company      |
| 2024 | 14 Company      |

Source: [www.idx.co.id](http://www.idx.co.id)

Based on Table 1 above, initial observations were conducted on energy companies by collecting data obtained from the Indonesia Stock Exchange (IDX) website. From the outset, energy sector companies that were late in submitting their financial reports that is, exceeding the 90-day deadline following the end of the fiscal year were subject to a Written Warning 1.

A handful of individual cases show how persistent this issue can be. PT Ratu Prabu Energi Tbk (ARTI) filed late repeatedly – 118 days in 2021, 191 days in 2022, and 255 days in 2023 – which triggered a third written warning, a Rp150 million fine, and a trading suspension that was only partly lifted before the problem resurfaced in 2024. PT Sky Energy Indonesia Tbk (JSKY) faced an even longer delay, filing its 2022 audited statements 766 days behind schedule and thereby facing possible delisting. PT Capitalinc Investment Tbk (MTFN) also

filed late repeatedly, with delays ranging from 117 to 440 days across 2021–2024. Taken together, these examples suggest that late filing can stem both from resource limitations at smaller firms and from the operational scale of larger firms, compounded by how well internal governance mechanism's function.

Prior empirical work on the drivers of ARL has produced mixed conclusions. On firm size, several studies report a significant negative relationship, implying that bigger companies wrap up their audits faster (Saputra *et al.*, 2024; Setiawan & Christian, 2022; Wahyu & Nelvirita, 2023), while Rhicardo *et al.* (2023) find no significant link at all. A similar split appears for operational complexity: Ngadiomo & Afriana (2024) report a significant positive effect – more complex operations translate into longer audits – whereas Wahyu & Nelvirita (2023) find no effect.

Governance variables show comparable inconsistency. For managerial ownership, Tika & Martinus (2025) report a significant negative effect on ARL, meaning higher managerial stakes shorten the audit, while Wahyu & Nelvirita (2023) find no significant effect. For institutional ownership, Tipin & Retno (2025) report a significant negative relationship, but Elfrida *et al.* (2022) and Utami & Riyadi (2026) find none. Findings on the independent board of commissioners are equally divided: Maharani & Redjo (2023) report a significant positive effect on ARL, while Aulia *et al.* (2023) find no significant relationship. The audit committee shows the same pattern – Sartika & Cheisvianny (2025) report a significant negative effect, whereas Rosanita *et al.* (2024) find none. Given how unsettled the evidence remains, further research on ARL's determinants is warranted.

This paper extends Wahyu & Nelvirita (2023), who examined managerial ownership, firm size, and operational complexity as drivers of ARL among mining firms on the IDX during 2018–2021. Two extensions are offered here. First, the setting shifts to energy-sector issuers on the IDX over 2021–2024. Second, institutional ownership, the independent board of commissioners, and the audit committee are added as governance variables, reflecting their role in strengthening oversight of financial reporting. Accordingly, this study sets out to test how firm size, operational complexity, managerial ownership, institutional ownership, the independent board of commissioners, and the audit committee jointly shape ARL among energy-sector companies on the IDX during 2021–2024. The findings are intended to add to the accounting and auditing literature on ARL's determinants and to offer practical guidance for issuers, auditors, investors, and regulators seeking more timely financial disclosure.

## LITERATURE REVIEW

### *Agency Theory*

This study rests on the agency framework developed by Jensen & Meckling (1976), which portrays the firm as a web of contracts linking principals (shareholders) and agents (managers), with the principal delegating decision rights to the agent. Because agents typically know more about the firm's operations than principals do, this arrangement is prone to conflicts of interest, and agents may act in ways that diverge from what principals would prefer.

Principals respond by bearing monitoring costs, one of which is the independent audit.

The independent audit works as a monitoring device meant to narrow information asymmetry and bolster confidence in financial statements. Yet the audit takes time, and the gap between the fiscal year-end and the date the audit opinion is signed constitutes ARL. Bigger firm size and greater operational complexity tend to widen information asymmetry and audit risk, pushing auditors to broaden and deepen their procedures and thereby stretch out ARL. Ownership- and board-based governance mechanisms managerial ownership, institutional ownership, the independent board of commissioners, and the audit committee are, by contrast, expected to curb agency conflict and information asymmetry, helping auditors gather sufficient evidence more efficiently and thereby compress ARL.

#### *Firm Size*

Firm size captures the scale of a company's operations and resource base, commonly proxied by total assets, market capitalization, or sales (Hapsari, 2020). Agency theory holds that larger firms tend to run stronger internal controls, more advanced information systems, and command greater financial resources advantages that narrow the information gap between managers and shareholders and make it easier for auditors to collect sufficient evidence, shortening ARL.

This expectation is broadly supported empirically. Sipahutar *et al.* (2022) find that bigger firms file more consistently on time. Likewise, Saputra *et al.* (2024), Setiawan & Christian (2022), and Wahyu & Nelvirita (2023) report a significant negative effect of firm size on ARL, attributing larger firms' faster audits to superior technology, management systems, and accounting resources. Building on agency theory and these findings, larger firms are expected to finish their audits more efficiently, producing a shorter ARL hence the following hypothesis:

**H<sub>1</sub>: Firm size has a negative effect on Audit Report Lag.**

#### *Operational Complexity*

Operational complexity reflects how intricate a company's organizational structure is, shaped by the number of business units, subsidiaries, branches, and the breadth of its product and market reach. Ariyani & Budiarta (2014) note that the extent of operational complexity visible in the number and geographic spread of operating units together with product and market diversification tends to affect how long auditors need to finish an engagement. Seen through agency theory, higher operational complexity heightens information asymmetry and audit risk because auditors must sift through a larger volume of transactions, consolidated statements, and supporting evidence spanning multiple operating units, requiring more extensive procedures that stretch ARL.

Empirical evidence backs this reasoning. Ngadiomo Siburian *et al.* (2024) find that operational complexity has a significant positive effect on ARL, since more complex operations demand a broader audit scope and thus more time. Maria & Mirayani (2021) similarly note that operational complexity lengthens

audit completion because auditors must review a wider set of activities and consolidated transactions. Based on this, greater operational complexity is expected to demand more extensive procedures and produce a longer ARL:

**H<sub>2</sub>: Operational complexity has a positive effect on Audit Report Lag.**

#### *Managerial Ownership*

Managerial ownership denotes the share of company stock held by managers directors and commissioners who thereby function as both managers and owners (Muliani *et al.*, 2019). Agency theory treats managerial ownership as an effective way to curb agency conflict because it aligns managers' interests with those of shareholders. Managers who also hold equity have a stronger stake in improving firm performance and reporting promptly, since they bear the financial consequences of their own decisions directly. This alignment is expected to help management run a more efficient audit process and shorten ARL.

Tika & Martinus (2025) find empirical support for this, reporting that managerial ownership has a significant negative effect on ARL higher managerial ownership pushes management to meet its reporting obligations more diligently and complete the audit sooner. Drawing on agency theory and this evidence, higher managerial ownership is expected to ease agency conflict and speed up reporting, shortening ARL:

**H<sub>3</sub>: Managerial ownership has a negative effect on Audit Report Lag.**

#### *Institutional Ownership*

Institutional ownership refers to the proportion of shares held by institutional investors investment firms, banks, insurers, and similar financial institutions (Muliani *et al.*, 2019). Under agency theory, institutional ownership acts as an external governance mechanism that tightens oversight of management and reduces information asymmetry between managers and shareholders. Because institutional investors generally have the expertise and resources to monitor management closely, greater institutional ownership is expected to push managers toward better and more timely reporting, which should ease the audit process and shorten ARL.

Putri *et al.* (2021) and Chyntia *et al.* (2018) find empirical support, reporting that institutional ownership has a significant negative effect on ARL stronger institutional monitoring pushes management to release information promptly and supports faster audit completion. On this basis, higher institutional ownership is expected to strengthen managerial oversight and improve reporting timeliness, shortening ARL:

**H<sub>4</sub>: Institutional ownership has a negative effect on Audit Report Lag.**

#### *Independent Board of Commissioners*

The independent board of commissioners comprises members with no ties to management, other commissioners, or controlling shareholders, and by rule must make up at least 30% of the full board (Vascha, 2023). Their central task is to oversee management, uphold sound governance principles, and safeguard shareholder interests, especially those of minority shareholders (Dzulkifli & Dewayanto, 2022). Agency theory suggests that independent commissioners

strengthen governance by tightening managerial oversight, easing agency conflict, and pushing for greater transparency and accountability in reporting all of which should make the audit process more efficient and shorten ARL.

Rosanita *et al.* (2024), Wahjono & Danardono (2024), and Ode *et al.* (2021) provide empirical support, finding that a larger share of independent commissioners has a significant negative effect on ARL, as stronger board independence sharpens monitoring and speeds up the release of audited statements. This leads to the hypothesis that:

**H<sub>5</sub>: The independent board of commissioners has a negative effect on Audit Report Lag.**

#### *Audit Committee*

The audit committee is formed by the board of commissioners to supervise the financial reporting process, monitor internal and external audit work, and assess how well the firm's internal control's function. OJK Regulation No. 55/POJK.04/2015 requires at least three members, including one independent commissioner and others from outside the company. From an agency-theory standpoint, the audit committee is a key governance mechanism that tightens oversight of management, narrows information asymmetry, and lifts the credibility of financial reporting – effects that should ease the audit process and shorten ARL.

Sartika & Cheisviyanny (2025), Martinus Hia *et al.* (2023), and Wahjono & Danardono (2024) provide supporting evidence, finding that the audit committee has a significant negative effect on ARL: a more effective committee sharpens oversight of reporting and internal control, letting auditors work more efficiently. Accordingly:

**H<sub>6</sub>: The audit committee has a negative effect on Audit Report Lag.**

Based on the theoretical discussion and hypothesis development above, Figure 1 presents a conceptual framework linking the six independent variables to *Audit Report Lag*.

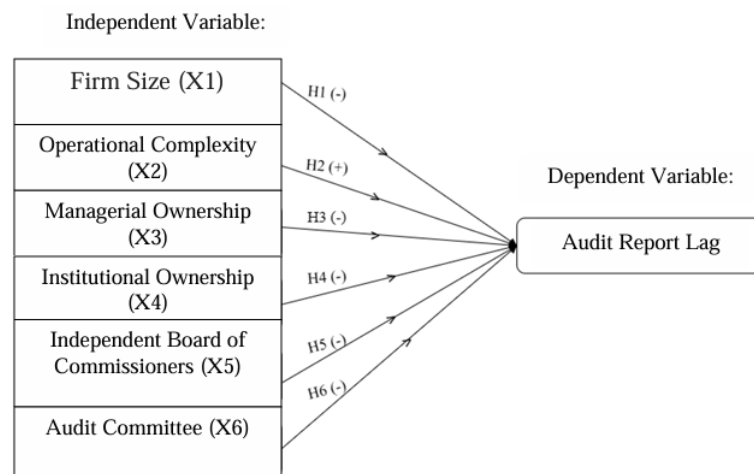


Figure 1. Conceptual Framework

## METHODOLOGY

This is a quantitative study built on secondary data – the annual and financial reports of energy-sector companies posted on the IDX's official website ([www.idx.co.id](http://www.idx.co.id)) for 2021–2024. The population covers every energy-sector firm listed on the IDX during that window. Purposive sampling was applied using three criteria: (1) the firm is an energy-sector company listed on the IDX throughout 2021–2024; (2) it was not delisted or suspended during the period; and (3) complete data are available for every variable under study. This screening left 60 sample firms observed over four years, for 240 firm-year observations.

The dependent variable, *Audit Report Lag* (ARL), is the number of days between the fiscal year-end (31 December) and the date printed on the independent auditor's report. The independent variables are operationalized as follows: firm size (X1) is the natural log of total assets; operational complexity (X2) is the number of subsidiaries under the parent company; managerial ownership (X3) is the percentage of outstanding shares held by management; institutional ownership (X4) is the percentage of outstanding shares held by institutional investors; the independent board of commissioners (X5) is the share of independent commissioners on the full board; and the audit committee (X6) is the number of members on that committee.

Table 2. Measurement of Variable

| Variable                           | Symbol | Measurement                                                                   | Scale   |
|------------------------------------|--------|-------------------------------------------------------------------------------|---------|
| <i>Audit Report Lag</i>            | Y      | Audit report date – financial year-end date (31 December)                     | Ratio   |
| Firm Size                          | X1     | Ln (Total Assets)                                                             | Ratio   |
| Operational Complexity             | X2     | Number of subsidiaries                                                        | Nominal |
| Managerial Ownership               | X3     | Shares held by management / total outstanding shares × 100                    | Ratio   |
| Institutional Ownership            | X4     | Shares held by institutions / total outstanding shares × 100                  | Ratio   |
| Independent Board of Commissioners | X5     | Independent commissioners / total members of the Board of Commissioners × 100 | Ratio   |
| Audit Committee                    | X6     | Number of audit committee members                                             | Ratio   |

Source: Processed data, 2026

Data were analyzed using descriptive statistics, classical assumption testing, and multiple linear regression with the assistance of SPSS version 25. The classical assumption tests comprised normality (One-Sample Kolmogorov-Smirnov test, supplemented by the Monte Carlo significance approach), multicollinearity (tolerance and Variance Inflation Factor/VIF), autocorrelation (Durbin-Watson test), and heteroscedasticity (Glejser test). Because several variables were not normally distributed, a natural logarithm transformation was applied prior to regression estimation. Hypothesis testing was conducted using the coefficient of determination (Adjusted  $R^2$ ), the F-test for the overall significance of the model, and the t-test for the significance of each independent

variable, at a significance level of 5%. The regression model used in this study is specified as:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

Where Y is *Audit Report Lag*;  $\alpha$  is the constant;  $\beta_1$ - $\beta_6$  are the regression coefficients;  $X_1$ - $X_6$  are firm size, operational complexity, managerial ownership, institutional ownership, the independent board of commissioners, and the audit committee, respectively; and e is the error term.

## RESULT AND DISCUSSION

### *Descriptive Statistics*

The descriptive statistics for the variables utilized in this investigation are shown in the following table:

Table 3. Descriptive Statistics Results

| Variable                                | N   | Min    | Max    | Mean   | SD     |
|-----------------------------------------|-----|--------|--------|--------|--------|
| Firm Size (X1)                          | 240 | 22.077 | 32.758 | 29.067 | 1.851  |
| Operational Complexity (X2)             | 240 | 0      | 196    | 18.50  | 29.976 |
| Managerial Ownership (X3)               | 240 | 0      | 4.024  | 0.059  | 0.282  |
| Institutional Ownership (X4)            | 240 | 0      | 0.981  | 0.644  | 0.225  |
| Independent Board of Commissioners (X5) | 240 | 0.20   | 0.80   | 0.432  | 0.114  |
| Audit Committee (X6)                    | 240 | 1      | 6      | 3.14   | 0.558  |
| <i>Audit Report Lag</i> (Y), in days    | 240 | 31     | 212    | 88.48  | 23.342 |

Source: Processed data, 2026

The descriptive statistics for the 240 firm-year observations are summarized in Table 2. Firm size (measured by the natural logarithm of total assets) ranged from 22.077 (PT Artha Mahiya Investama Tbk, 2024) to 32.758 (PT Alamtri Resources Indonesia Tbk, 2022), with a mean of 29.067 and a relatively homogeneous spread (SD = 1.851). Operational complexity ranged from 0 subsidiaries to 196 (PT Medco Energi Internasional Tbk, 2021), with a mean of 18.50 and a highly heterogeneous spread (SD = 29.976), reflecting considerable variation in corporate structure across the sample. Managerial ownership averaged 5.9%, institutional ownership averaged 64.4%, the independent board of commissioners averaged 43.2% of board seats, and the audit committee averaged 3.14 members. *Audit Report Lag* ranged from 31 to 212 days, with a mean of 88.48 days (SD = 23.342).

### *Classical Assumption Tests*

Initial normality testing using the Kolmogorov-Smirnov test indicated that only firm size was normally distributed (Monte Carlo Sig. = 0.831), while the other six variables had significance values below 0.05. A natural logarithm transformation improved the distribution of firm size, operational complexity,

and managerial ownership (Sig. = 0.748, 0.202, and 0.103, respectively), although institutional ownership, the independent board of commissioners, the audit committee, and *Audit Report Lag* remained non-normally distributed even after transformation. This persistent non-normality, likely attributable to extreme values and the heterogeneous characteristics of energy sector data, is acknowledged as a limitation of the study. The multicollinearity test showed tolerance values above 0.10 and VIF values below 10 for all independent variables, indicating no multicollinearity problem. The initial autocorrelation test produced a Durbin-Watson statistic of 1.533, which was addressed using the Durbin two-step method, after which no autocorrelation problem remained. The Glejser heteroscedasticity test indicated that the regression residuals were free from heteroscedasticity.

Table 4. Classical Assumption Tests Result

| Test                     | Statistic                                                                                                     | Result                                                   |
|--------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Normality<br>(residuals) | K-S Monte Carlo Sig. = 0.000                                                                                  | The residuals are not normally distributed.              |
|                          | K-S Monte Carlo Sig (Ln transformation result) = 0.089                                                        | Residuals normally distributed                           |
| Multicollinearity        | Tolerance 0.410-0.689; VIF 1.090-2.440                                                                        | No multicollinearity (all VIF < 10 and Tolerance > 0.10) |
| Heteroscedasticity       | Scatterplot: random, no pattern                                                                               | No heteroscedasticity                                    |
| Autocorrelation          | Durbin-Watson = 1.533 (dW 1.559 < dL 1.75473)                                                                 | positive autocorrelation                                 |
|                          | Durbin-Watson (Transform Method Durbin's Two-Step Durbin Watson d) = 2.057 (dU 1.82246 < dW < 4 - dU 2.17754) | No autocorrelation                                       |

Source: Processed data, 2026

The regression model fulfilled all classical assumption requirements, indicating that the estimated results are valid, unbiased, and reliable for hypothesis testing.

#### *Multiple Regression Results and Hypothesis Testing*

The coefficient of determination test produced an Adjusted R<sup>2</sup> of 0.186, indicating that firm size, operational complexity, managerial ownership, institutional ownership, the independent board of commissioners, and the audit committee jointly explain 18.6% of the variation in *Audit Report Lag*, while the remaining 81.4% is explained by factors outside the model. The F-test produced an F-statistic of 4.761 with a significance value of 0.000 (F-table = 2.1376), indicating that the six independent variables jointly and significantly affect *Audit Report Lag*. Table 5 reports the results of the multiple linear regression analysis along with the model's goodness-of-fit statistics

Table 5. Multiple Regression Results and Hypothesis Testing

| Variable                                | B      | t      | Sig.  | Conclusion            |
|-----------------------------------------|--------|--------|-------|-----------------------|
| Firm Size (X1)                          | -3.250 | -4.745 | 0.000 | Negative, significant |
| Operational Complexity (X2)             | 0.129  | 4.152  | 0.000 | Positive, significant |
| Managerial Ownership (X3)               | -0.026 | -2.028 | 0.045 | Negative, significant |
| Institutional Ownership (X4)            | -0.037 | -0.479 | 0.633 | Not significant       |
| Independent Board of Commissioners (X5) | -0.038 | -0.368 | 0.714 | Not significant       |
| Audit Committee (X6)                    | -0.333 | -1.300 | 0.197 | Not significant       |

Source: Processed data, 2026

0.05, two-tailed), Table 3 shows that firm size, operational complexity, and managerial ownership have a statistically significant effect on *Audit Report Lag*, whereas institutional ownership, the independent board of commissioners, and the audit committee do not. A summary of the hypothesis testing results is presented in Table 6.

Table 6. Hypothesis Testing Results

| Hypothesis | Statement                                                               | Result        |
|------------|-------------------------------------------------------------------------|---------------|
| H1         | Firm size → <i>Audit Report Lag</i> (negative)                          | Supported     |
| H2         | Operational complexity → <i>Audit Report Lag</i> (positive)             | Supported     |
| H3         | Managerial ownership → <i>Audit Report Lag</i> (negative)               | Supported     |
| H4         | Institutional ownership → <i>Audit Report Lag</i> (negative)            | Not supported |
| H5         | Independent board of commissioners → <i>Audit Report Lag</i> (negative) | Not supported |
| H6         | Audit committee → <i>Audit Report Lag</i> (negative)                    | Not supported |

Source: Processed data, 2026

#### *The Effect of Firm Size on Audit Report Lag*

Firm size shows a negative and significant relationship with ARL, so H1 is supported. Larger energy-sector companies in the sample tend to finish their audits faster than smaller ones, likely because they operate more integrated accounting systems, tighter internal controls, and command greater resources to prepare their financial statements all of which make it easier for auditors to gather evidence. Larger firms also face closer scrutiny from investors, creditors, and regulators, which sharpens their incentive to meet the 90-day filing window set by POJK No. 14/POJK.04/2022. This outcome fits agency theory, under which the heavier agency costs facing large firms push management to narrow information asymmetry through prompt reporting, and it aligns with Wahyu & Nelvirita (2023), Setiawan & Christian (2022), and Saputra *et al.* (2024) though it departs from Rhicardo *et al.* (2023), who found no significant firm-size effect.

#### *The Effect of Operational Complexity on Audit Report Lag*

Operational complexity has a positive and significant effect on *Audit Report Lag* (H2 is supported), indicating that companies with a greater number of subsidiaries require a longer time to complete the audit process. This finding is consistent with the characteristics of the energy sector, where business activities

such as exploration, production, and distribution are often conducted across multiple subsidiaries and geographically dispersed locations. Such conditions increase the scope and complexity of audit procedures, requiring auditors to examine a larger volume of consolidated transactions, supporting documentation, and intercompany balances. From the perspective of agency theory, greater operational complexity intensifies information asymmetry and monitoring challenges between principals and agents, thereby increasing audit risk and the audit effort required to obtain sufficient and appropriate audit evidence. Consequently, auditors need more time to complete the audit, resulting in a longer *Audit Report Lag*. This finding is consistent with the studies of Ariningtyastuti & Rohman, (2021), Ngadiomo & Afriana, (2024), and Maria & Mirayani, (2021), but contradicts the findings of Wahyu & Nelvirita, (2023) and Khalipah *et al.* (2022), who reported no significant relationship between operational complexity and *Audit Report Lag*.

#### *The Effect of Managerial Ownership on Audit Report Lag*

Managerial ownership has a negative and significant effect on *Audit Report Lag* (H3 is supported), indicating that a higher proportion of managerial ownership is associated with a shorter audit completion period. This finding suggests that managers who also serve as shareholders have stronger incentives to ensure the timely and accurate preparation of financial reports, as the quality and credibility of financial reporting directly affect their own economic interests. From the perspective of agency theory, managerial ownership aligns the interests of managers and shareholders, thereby mitigating agency conflicts and reducing opportunistic behavior. As a result, management is more likely to facilitate an efficient audit process by providing timely, complete, and reliable financial information, enabling auditors to complete their work more quickly. This finding is consistent with the studies of Tika & Martinus, (2025) and supports the theoretical prediction of agency theory. However, it differs from the findings of Wahyu & Nelvirita, (2023), who reported that managerial ownership has no significant effect on *Audit Report Lag*.

#### *The Effect of Institutional Ownership on Audit Report Lag*

Institutional ownership shows no significant relationship with ARL, so H4 is not supported the share of institutional holdings does not appear to shape how quickly audits are completed among the energy-sector firms studied here over 2021–2024. Agency theory would predict that institutional ownership tightens external oversight, curbs agency conflict, and speeds up reporting. The results here instead suggest that institutional investors are generally more concerned with returns and overall performance than with directly supervising the reporting and audit process. Auditors, moreover, must follow professional standards regardless of who owns the company, which further limits any ownership-driven effect on audit duration. This matches Elfrida *et al.* (2022) and Utami & Riyadi (2026), who likewise found no significant institutional-ownership effect and attribute it to investors prioritizing returns over active supervision of reporting. It contrasts, however, with Tipin & Retno (2025), who reported a significant negative effect.

*The Effect of the Independent Board of Commissioners on Audit Report Lag*

The independent board of commissioners shows no significant relationship with ARL, so H5 is not supported its proportion does not meaningfully affect audit timeliness among the sample firms. While agency theory expects independent commissioners to sharpen oversight, curb agency conflict, and speed up reporting, the results suggest their real impact hinges on more than sheer numbers competence, experience, meeting frequency, and active engagement in oversight duties all matter too. Most sample firms already met the 30% minimum independent-commissioner threshold under POJK No. 33/POJK.04/2014, leaving little variation to detect an effect. Given the operational complexity typical of energy firms, audit duration is also more likely driven by transaction complexity, internal-control quality, and audit scope than by board composition alone meaning independent commissioners may strengthen governance broadly without directly compressing ARL. This aligns with Aulia *et al.* (2023) and Nazir (2023), who also found no significant effect, though it diverges from Maharani & Redjo (2023), who reported a significant positive relationship.

*The Effect of the Audit Committee on Audit Report*

The audit committee shows no significant relationship with ARL, so H6 is not supported committee size does not meaningfully shape audit timeliness in the sample. Agency theory casts the audit committee as a mechanism that helps the board oversee reporting, internal control, and external audit work, yet the results suggest committee size alone does not drive audit duration, which instead hinges on transaction complexity, evidence sufficiency, and the auditor's own procedures. From a governance standpoint, committee effectiveness depends on competence, independence, meeting frequency, and active involvement, not merely headcount, and most sample firms already met the three-member minimum under POJK No. 55/POJK.04/2015, again limiting variation. The audit committee thus appears to function more as a compliance formality than as a lever on ARL. This matches Nazir (2023), Rosanita *et al.* (2024), and Ngadiomo *et al.* (2024), though it contrasts with Martinus *et al.* (2023) and Sartika & Cheisviyanny (2025), who reported a significant negative relationship.

## CONCLUSIONS AND RECOMMENDATION

Drawing on 240 firm-year observations from energy-sector companies on the IDX during 2021–2024, this study finds that: (1) firm size has a negative and significant effect on ARL; (2) operational complexity has a positive and significant effect; (3) managerial ownership has a negative and significant effect; (4) institutional ownership has no significant effect; (5) the independent board of commissioners has no significant effect; and (6) the audit committee has no significant effect. Together the six variables account for 18.6% of the variation in ARL, suggesting that firm-scale and ownership-based mechanisms matter more than board- and committee-based mechanisms in shaping audit speed within this sector and period.

Energy-sector firms should reinforce internal controls and reporting quality to speed up audit completion, and coordinate more closely with external auditors to shrink ARL. Investors and creditors can treat firm size, operational complexity, and managerial ownership as practical signals of how promptly a company's audited statements are likely to arrive. Regulators such as OJK and the IDX might also examine whether current governance requirements for independent commissioners and audit committees are being applied in substance rather than merely to satisfy formal minimums.

## **FURTHER STUDY**

Future work could extend this study along several lines. The sample could be widened beyond the energy sector and the observation window lengthened past four years to improve generalizability and boost the statistical power for detecting governance effects. Since the adjusted  $R^2$  of 18.6% leaves much of ARL's variation unexplained, later studies might add determinants such as profitability, leverage, auditor reputation, audit quality, financial distress, and audit opinion. Because several variables stayed non-normal even after log transformation, alternative estimation approaches robust regression, quantile regression, or panel methods such as fixed-effects or dynamic panel/GMM estimators may better suit the panel structure and be less sensitive to non-normality. Future research could also look past the formal size of governance bodies (the count of independent commissioners or audit committee members) toward substantive measures of governance effectiveness, such as meeting frequency, member expertise, and engagement with external auditors, none of which this study could capture directly. Finally, cross-sector or cross-country comparisons particularly against other resource-intensive or heavily regulated industries would help clarify whether these patterns are specific to the energy sector or hold more broadly.

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