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# The Effect of Auditor Report Lag on Financial Performance and Company Governance in Consumer Cyclical Sector Companies

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**ABSTRACT:** This study investigates the effect of financial performance and corporate governance on audit report lag. Despite OJK No. 14/POJK/04/2022 regulation mandating that listed companies submit audited financial statements within 90 days of the fiscal year-end, many firms fail to meet this deadline. This study focuses on the consumer cyclicals sector, which shows the highest incidence of delay during the 2019–2022. The main research question is: Do financial performance and corporate governance significantly influence audit report lag in Indonesian consumer cyclical companies?

While prior research has examined audit report lag in general, few studies focus specifically on the consumer cyclicals sector in Indonesia, especially during a period of macroeconomic fluctuation such as 2019–2022. This paper provides a fresh perspective by incorporating underexplored governance indicators like audit committee meeting intensity and board composition.

This quantitative study uses purposive sampling, resulting in an unbalanced panel of 123 companies and 405 observations. Data were analyzed using EViews 13 with panel data regression. The analysis includes descriptive statistics, panel model selection tests, classical assumption tests, and hypothesis testing.

Profitability (ROA), solvency (DAR), and the composition of the board of directors' educational background negatively affect audit report lag. In contrast, the proportion of independent commissioners and the intensity of audit committee meetings have no significant effect.

Financial performance and specific aspects of corporate governance can reduce audit report lag, which implies that companies and auditors can manage reporting timeliness more effectively by enhancing these factors. These findings can inform regulators and stakeholders to reassess existing policies.

**Keywords:** Audit Report Lag, Profitability, Solvency, Board of Commissioners, Audit Committee, Board of Directors.



## INTRODUCTION

Audit report lag is a critical issue in corporate financial reporting concerning the timeliness of information delivery to stakeholders, particularly for public companies. Timely audited financial statements are a fundamental qualitative characteristic of useful financial information for economic decision-making. According to the Financial Services Authority (OJK) Regulation No.

14/POJK/04/2022, all companies listed on the Indonesia Stock Exchange (IDX) are required to submit their financial statements, along with an independent auditor's report, no later than 90 days after the fiscal year-end. However, many companies fail to meet this deadline in practice, indicating that audit report lag remains a persistent and significant issue in the Indonesian financial reporting environment.

Delayed reporting is most prevalent in the consumer cyclical sector, which comprises companies whose products and services are susceptible to economic cycles. Data from IDX shows that this sector consistently recorded the highest number of reporting delays from 2019 to 2022. This period was selected as the research timeframe due to its reflection of a highly dynamic and challenging economic environment, ranging from the global COVID-19 pandemic, which disrupted business operations, to the Russia–Ukraine geopolitical conflict, which intensified global economic instability. These conditions provide a relevant and timely context for investigating the factors contributing to audit report lag.

The importance of timely presentation of financial statements stems from information that is increasingly relevant for decision-making purposes, the sooner it is published (Sebayang & Laksito, 2014). Conversely, financial statements will lose their relevance if they are delivered late. The duration in days between the closing date of the company's financial statements (December 31) and the date on the independent auditor's report is used to measure audit report lag (Fakri & Taqwa, 2019). The duration of the audit report lag will increase along with the total duration of the audit process carried out by the auditor. A company will be considered to have bad news if it has a long audit report lag. A prolonged audit report lag will harm the company, especially shareholders.

The Consumer Cyclicals or Non-Primary Consumer Goods sector is a sector of companies affected by economic conditions and the company's business cycle. This industry is highly affected by recessionary conditions that can cause a decrease in revenue and profit. Companies in this industry produce discretionary goods (secondary and tertiary needs). Passenger cars and their components, durable household goods, apparel, footwear, textiles, sporting goods, and recreational goods are among the products produced by this sector. In addition, companies that provide tourism, recreation, education, consumer support, media, entertainment, advertising, and secondary product retail are also included in this industry. This sector's demand for goods and services is cyclical or secondary because it directly relates to economic conditions. This means the company's sales will increase when the economy is booming or in good condition. Likewise, the opposite is true. When an economic recession occurs, consumers do not consume the products companies produce in this sector (www.idx.co.id).

Information obtained from the IDX announcement (table 1) regarding companies that experienced delays in submitting financial reports. Regarding submitting financial reports ending on December 31, 2019, there were 42 companies late, 88 companies in 2020, 91 companies in 2021, and 143 companies in 2022. Companies that faced delays in submitting financial reports were spread across all sectors. However, from year to year, companies in the non-primary consumer goods sector or consumer cyclicals dominated this phenomenon. The consumer cyclicals sector consistently experienced an increase in the number of companies each year in terms of delays in submitting financial reports. This increase certainly does not indicate something good, but on the contrary.

**Table 1**. Company Data on Late Submissions of Financial Reports

| Sectors | Years | | | |
|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 |
| Energy | 5 | 12 | 12 | 16 |
| Primary Consumer Goods | 5 | 10 | 9 | 15 |
| Technology | 1 | 5 | 5 | 7 |
| Raw Materials | 4 | 8 | 7 | 16 |
| Health | 1 | 1 | 2 | 1 |
| Infrastructure | 2 | 5 | 5 | 11 |
| Industry | 3 | 5 | 8 | 9 |
| Financial | 2 | 2 | 3 | 9 |
| Transportation & Logistics | 1 | 3 | 2 | 5 |
| **Non-Primery Consumer Goods** | **9** | **21** | **22** | **30** |
| Property & Real Estate | 9 | 16 | 16 | 24 |
| **Total** | **42** | **88** | **91** | **143** |

Source: Indonesia Stock Exchange

In reality, the existing rules regarding the deadline for submitting financial reports have not allowed companies to submit their financial reports according to the applicable regulations. This is because some companies are still late in publishing their financial reports. The proportion of companies late in submitting their financial reports has continued to increase over the past few years. In the fiscal year ending December 31, 2020, 88 public companies were late in submitting their audited financial reports (CNBC Indonesia, 2021).

2022 IDX monitored 785 companies, 668 of which disclosed their financial statements ending on December 31, 2021, on time. Nineteen companies were not required to submit their financial statements because they were only recorded after December 31, 2021, and 91 companies had not submitted their financial statements. IDX has also given Written Warning I to 91 listed companies without the obligation to submit audited financial statements.

This study is motivated by the need to understand the determinants of audit report lag further. In agency theory, conflicts of interest often arise between managers (agents) and shareholders (principals), leading to information asymmetry, particularly when firms are underperforming. Here, the role of independent auditors becomes crucial in bridging the information gap and providing reliable assurance on the financial statements. However, the audit process itself requires time and is influenced by both the internal financial condition of the company and the effectiveness of its corporate governance mechanisms. This study, therefore, focuses on two major dimensions: financial performance, represented by profitability and solvability; and corporate governance, represented by the composition of the board of commissioners, the frequency of audit committee meetings, and the composition of the board of directors.

Beyond addressing practical concerns in the corporate sector, this research is grounded in relevant theoretical frameworks. Signalling theory posits that companies in good financial health are more likely to publish their financial reports promptly as a signal of positive performance to the market. Conversely, companies experiencing poor financial performance tend to delay disclosure. Prior studies on audit report lag have yielded mixed findings regarding these factors, highlighting the need for further investigation, especially with updated approaches, sample sectors, and proxy variables.

Profitability indicates a company's profit-making success (Abdillah et al., 2019). According to agency theory, a high level of profitability means that management works effectively and efficiently as an agent. This is good news for investors or principals, so the company tries to speed up its financial reporting process. Thus, high-profitability companies require shorter audit times (Firmansyah & Amanah, 2020).

Related to signal theory, high profitability can be said to be a positive signal or good news. Companies with good news tend to want a fast audit process and not delay their financial reporting. That way, companies with higher levels of profitability will be timely in submitting their financial reports than companies that experience a decline in profitability. These theories are in line with the findings of several previous studies that have been carried out. Several researchers, such as Abdillah et al. (2019), Arizky & Purwanto (2018), and Ningsih & Agustina (2019) stated that the higher the profitability of a company, the shorter the audit report lag that occurs.

Solvency is defined as the company's ability to repay its financial obligations, both short-term and long-term (Larisa & Salim, 2021). In agency theory, the level of solvency reflects the performance of management as an agent in the company in handling and managing the company's obligations. If a company has total assets smaller than its total debt, this indicates an unhealthy financial condition. This situation is a risk for the company that has the potential for bankruptcy or losses that will occur. Unhealthy conditions will encourage fraud in financial reporting by management, so auditors must be more careful and precise in obtaining evidence, impacting the longer audit process required. According to signal theory, a high level of solvency can be a bad signal for users of financial statements. Companies with a high level of solvency can show poor company performance. A high level of solvency indicates problems with the financial statements, so that the financial statements are less reliable. This problem will make auditors more careful in auditing the company's financial statements. Companies with a high level of solvency tend to experience delays in publishing their financial statements to minimize the risks.

The board of commissioners is tasked with supervising a company's activities (Amaliyah & Herwiyanti, 2019). The existence of an independent board of commissioners is crucial because, in reality, transactions containing elements of differences of interest are often found in public companies. The responsibility of the independent board of commissioners is to encourage the implementation of sound corporate governance principles. According to agency theory, an independent board of commissioners is considered an internal control mechanism with the highest position responsible for monitoring top management policies. Agency theory states that the large number of independent boards of commissioners will facilitate top management supervision and increase the supervisory function's effectiveness. This impacts the short time required to produce an audit report because the quality of financial report information is more reliable.

In agency theory, an audit committee can reduce agency problems. This is because the audit committee in the company has the authority to assess the internal control system, ensure the quality of financial reports, and improve the efficiency of the audit function. The existence of an audit committee can be seen from the intensity of the meetings it holds. The audit committee fulfills its responsibilities through meetings to discuss existing findings (Fakri & Taqwa, 2019). The more often the audit committee holds meetings, the more optimal the supervision and control functions of the company's financial information will be, so that the company can produce reliable financial reports and strive to convey them to stakeholders immediately.

This research examines the effect of profitability, solvability, board of commissioners' composition, audit committee meeting intensity, and board of directors' composition on audit report lag among consumer cyclical companies listed on the IDX during the 2019–2022 period. This study aims to contribute academically and practically using a quantitative approach and panel data regression analysis. Academically, it enriches the literature on audit timeliness in the context of emerging markets and economically sensitive industries. Practically, the findings are expected to inform auditors, regulators, and corporate managers in developing effective strategies to minimize audit delays and ensure timely financial reporting.

## METHOD

This research is included in the quantitative research method. Referring to Sugiyono (2017), quantitative research aims to find the truth of a theory and is processed using statistical methods. This method represents a branch of research that uses numerical data, including data collection, analysis, and interpretation of results. Hypotheses established based on previous research and the theoretical foundations used are tested through quantitative research.

This study's population comprises all consumer cyclical sector companies listed on the Indonesia Stock Exchange (IDX) between 2019 and 2022. This sector was selected due to its consistent record of financial reporting delays and sensitivity to macroeconomic fluctuations such as the COVID-19 pandemic and geopolitical instability.

A purposive sampling method was applied to select companies that met specific criteria relevant to the study. These criteria included companies that published audited financial statements during the observation period and had complete data for all variables used in the analysis. Based on these criteria, the final sample consisted of 123 companies, resulting in 405 firm-year observations over the four years. The sample constitutes an unbalanced panel due to the variation in data availability across firms and years.

The analysis focuses on quantitative data from financial reports and corporate governance disclosures, as available in company filings and secondary sources such as the IDX and financial statement notes. No qualitative informants (e.g., interviews) were involved in this study. The objects of this study are audit report lag, profitability, solvency, composition of the board of commissioners, intensity of audit meetings, and composition of the board of directors in companies in the consumer cyclical sector listed on the IDX in the 2019-2022 period. The variables studied to determine the factors that affect audit report lag are five factors, namely profitability, solvency, composition of the board of commissioners, intensity of audit committee meetings, and composition of the board of directors.

The data is derived from companies listed on the Indonesia Stock Exchange (IDX), focusing on the consumer cyclical sector. This sector was chosen due to its vulnerability to economic fluctuations and consistent reporting delays, making it a relevant case for understanding audit timeliness issues in emerging markets.

The data analysis techniques used in this study are adjusted to the research methods used, namely quantitative analysis techniques, which include data collection and classification, data processing and presentation, and data interpretation. Analyzing the data and information obtained from the companies associated with this research aims to solve the problem and strengthen the hypothesis that has been established before. The tools used in this study are the statistical program or software EViews 13.

The data used in this study were secondary quantitative data obtained from the annual financial reports of consumer cyclical companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2022. Data were collected through documentation methods by accessing financial statement disclosures, company profiles, and relevant information on corporate governance practices as available on official company websites (www.idx.co.id) and the IDX database. The collection process involved compiling company-level data on profitability, solvability, board structure, and audit committee activity, ensuring that the required variables were available and consistent across the observation period. No primary data collection or direct contact with company representatives was conducted.

Quantitative data were analyzed using panel data regression techniques with the support of EViews 13 software. The analysis process began with descriptive statistics to provide an overview of the distribution and characteristics of the research variables. Subsequently, model selection tests were conducted to determine the appropriate panel model—common, fixed, or random effects—followed by model specification tests, including the Chow, Hausman, and Lagrange Multiplier tests. Classical assumption tests, such as normality, multicollinearity, and heteroscedasticity tests, were performed to ensure the validity of the regression model. Hypothesis testing was carried out using the F-test and t-test to assess the independent variables' simultaneous and partial effects on audit report lag.

Panel data combines time series and cross-sectional data. Determining the panel data regression model aims to select a regression estimation model from panel data. There are three regression models with panel data: the standard effect model, the fixed effect model, and the random effect model. The model specification test will select the most appropriate or suitable model from the three existing models. The first step in testing panel data regression is to run the Chow test.

**Table 2.** Chow Test Result

| Effect Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 2.283 | (122,277) | 0.000 |
| Cross-section Chi-Square | 281.880 | 122 | 0.000 |

Source: Processed data (2024)

The probability value or p-value of the cross-section chi-square obtained is 0.0000 < 0.05. Therefore, the fixed effect model is more appropriate for this research. Furthermore, the Hausman test will compare the fixed and random effect models.

**Table 3**. Hausman Test Result

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 30.769 | 5 | 0.000 |

Source: Processed data (2024)

The findings of the Hausman test in Table 3 explain that the probability value or p-value of the random cross-section obtained is 0.0000 <0.05. Therefore, the fixed effect model is more appropriate for this study. The findings of the two tests that have been run have the same results, namely, the fixed effect model is the most suitable. There is no need to run the test in this study, so we are using the Lagrange multiplier test again.

The fixed-effect model has been selected as the research model based on the previously conducted model specification test. The classical assumption tests that need to be carried out for the fixed-effect panel data model are the multicollinearity and heteroscedasticity tests.

**Table 4**. Multicolinearity Test Result

| | X1 | X2 | X3 | X4 | X5 |
|---|---|---|---|---|---|
| Profitability (X1) | 1.000 | -0.558 | 0.013 | 0.031 | 0.024 |
| Solvability (X2) | -0.558 | 1.000 | -0.051 | -0.019 | -0.021 |
| Composition of the Board of Committee (X3) | 0.013 | -0.051 | 1.000 | -0.009 | -0.007 |
| Audit Committee Meeting Intensity (X4) | 0.031 | -0.019 | -0.009 | 1.000 | -0.003 |
| Composition of the Board of Directors (X5) | 0.024 | -0.021 | -0.007 | -0.003 | 1.000 |

Source: Processed data (2024)

The results of the multicollinearity test in Table 4 show that the independent variables, namely profitability (X1), solvency (X2), composition of the board of commissioners (X3), intensity of audit committee meetings (X4), and composition of the board of directors (X5), do not have multicollinearity or pass the multicollinearity test, because the correlation value of each independent variable is below 0.90.

The results of the heteroscedasticity test in Table 5 show that all independent variables have a probability value > 0.05, which means that the residual variance is the same. Therefore, in the independent variables of this research, it is concluded that there are no symptoms of heteroscedasticity or that the heteroscedasticity test passes. In detail, it can be seen in the following table:

**Table 5.** Heteroscedasticity Test Results

| Variable | *Prob.* | Description |
|---|---|---|
| Profitability (X1) | 0.182 | Passed heteroscedasticity test |

| | | |
|---|---|---|
| Solvability (X2) | 0.732 | Passed heteroscedasticity test |
| Composition of the Board of Committee (X3) | 0.129 | Passed heteroscedasticity test |
| Audit Committee Meeting Intensity (X4) | 0.239 | Passed heteroscedasticity test |
| Composition of the Board of Directors (X5) | 0.286 | Passed heteroscedasticity test |

Source: Processed data (2024)

## RESULTS AND DISCUSSION

### Model Fit Test (F Test)

The model suitability test (F test) is carried out to determine the effect of all independent variables simultaneously on the dependent variables. This test compares the probability value (Prob. F-statistic) with a significance level of 0.05 and the F-statistic value with the F-table value. When prob. (F-statistic) > 0.05 and F-statistic < F-table, it can be concluded that the free variable simultaneously does not significantly affect the bound variable. On the other hand, when Prob. (F-statistic) < 0.05 and F-statistic > F-table, the independent variable simultaneously significantly affects the dependent variable.

The results of the F test show that the value of Prob. (F-statistic) For the dependent variable, audit report lag is 0.0000 (< 0.05), and the F-statistic value is 2.73 (> F-table is 2.24). Thus, it can be concluded that all independent variables, namely profitability, solvency, composition of the independent board of commissioners, the intensity of audit committee meetings, and the educational background of the board of directors, together have a significant effect on audit report lag (see Table 1).

**Table 6.** F Test Results

| | |
|---|---|
| F-statistic | 2.7306 |
| Prob(F-statistic) | 0.0000 |

Source: Data processed (2024)

### T-test (Partial)

The t-statistical test determines how much influence each independent variable has on the dependent variable. An independent variable significantly affects the dependent variable if the p-value of t < 0.05. On the other hand, if the probability value of t > 0.05, then the independent variable does not significantly influence the dependent variable.

Based on the test results, it was obtained that the profitability variable (X1) had a t-calculated value of 2.8774 > t-table of 1.9659, a probability value of 0.0043 < 0.05, and a coefficient of negative value. Therefore, it can be concluded that profitability has a negative and significant effect on audit report lag, so the first hypothesis is accepted.

Furthermore, solvency (X2) shows a t-calculated value of 5.1194 > t-table of 1.9659 and a probability value of 0.0000 < 0.05. However, the coefficient of this variable is negative, which is different from the proposed hypothesis, so the second hypothesis stating that solvency has a positive effect on audit report lag is rejected.

The independent board of commissioners (X3) composition has a t-calculated value of 0.7886 < t-table of 1.9659, a probability value of 0.4310 > 0.05, and a positive value coefficient. Therefore, it can be concluded that the composition of the board of commissioners does not significantly affect audit report lag, so the third hypothesis is rejected.

For the variable of the intensity of the audit committee meeting (X4), a t-calculation value of 0.1539 < t-table of 1.9659 and a probability value of 0.8778 > 0.05, with a positive coefficient direction. Thus, it can be concluded that the intensity of the audit committee meeting did not significantly affect audit report lag, so the fourth hypothesis was rejected.

Finally, the composition of the board of directors (X5) shows a t-calculated value of 2.9823 > t-table of 1.9659, a probability value of 0.0031 < 0.05, and a coefficient of negative value. Thus, it can be concluded that the composition of the board of directors has a negative and significant effect on audit report lag, so the fifth hypothesis is accepted (see Table 2).

**Table 7.** Test Results t

| Variable | Coefficient | t-Statistic | Prob. |
|---|---|---|---|
| Constanta | 131.9804 | 6.3727 | 0.0000 |
| Profitability (X1) | -22.3497 | -2.8774 | 0.0043 |
| Solvency (X2) | -17.3680 | -5.1194 | 0.0000 |
| Composition of the Board of Commissioners (X3) | 31.3789 | 0.7886 | 0.4310 |
| Audit Committee Meeting Intensity (X4) | 0.6109 | 0.1539 | 0.8778 |
| Composition of the Board of Directors (X5) | -17.8412 | -2.9823 | 0.0031 |

Source: Data processed (2024)

**Interpretation of Key Findings**

This study found that profitability significantly negatively affected audit report lag ($\beta$ = -..., $p < 0.05$), supporting the first hypothesis. This indicates that firms with higher profitability tend to accelerate the release of their audited financial statements. The result aligns with signaling theory, suggesting that firms are more motivated to disclose positive performance to stakeholders promptly. From an agency theory perspective, high profitability reflects effective and efficient management performance, a positive signal to principals (investors).

A notable example within the consumer cyclicals sector is Primarindo Asia Infrastructure Tbk (BIMA), which achieved the highest profitability in 2019 (ROA = 59%). The company submitted its audited financial report precisely 91 days after the fiscal year-end, indicating a timely reporting behavior aligned with high financial performance. This suggests that firms with stronger financial results are more inclined to meet audit deadlines as part of strategic communication.

Conversely, solvency was not found to positively affect audit report lag, thus rejecting the second hypothesis. While higher solvency ratios are typically associated with financial distress, this study observed that firms like Omni Inovasi Indonesia Tbk (TELE), despite having extremely high debt-to-asset ratios in 2021 (DAR = 1983%), were still able to report on time. This may be due to external economic pressures such as the COVID-19 pandemic, which affected asset values. In such cases, firms may expedite financial reporting to mitigate negative perceptions by stakeholders, showing that solvency may not consistently delay audit completion.

Regarding corporate governance, the composition of the board of commissioners did not significantly influence audit report lag. Although theoretically independent commissioners play a vital monitoring role, empirical findings showed that many firms failed to meet the OJK board's requirement of 30% independence. More than half of the companies in the sample had only one independent commissioner despite having more than three total commissioners. This ineffective oversight structure may explain the absence of a significant impact.

Similarly, the frequency of audit committee meetings did not influence audit report lag. Most companies complied with OJK Regulation No. 55/POJK.04/2015 by holding more than four meetings annually. However, measuring audit committee activity based on meeting frequency may overlook qualitative aspects such as agenda quality and decision-making effectiveness. Thus, the current proxy may not adequately reflect the audit committee's influence on financial reporting timeliness.

On the other hand, the composition of the board of directors was found to affect audit report lag significantly negatively. Firms with a higher proportion of directors with educational backgrounds in economics, IT, or industrial engineering were more likely to report promptly. This supports the notion that technical and managerial competence enhances oversight and coordination with auditors, contributing to faster financial reporting.

### Comparison with Previous Studies

The finding that profitability negatively affects audit report lag aligns with previous studies by Abdillah et al. (2019), Arizky & Purwanto (2018), and Ningsih & Agustina (2019), who all reported that firms with higher profitability tend to issue their audited reports sooner. This supports the idea that profitability acts as a form of positive signaling to the market.

The result concerning solvency differs from the initial hypothesis. Still, it aligns with studies by Tampubolon & Siagian (2020) and Saphira Evani et al. (2022), which found that firms with high solvency may report promptly, particularly when motivated to counter negative market sentiment.

Regarding board composition, this study's finding that the composition of the board of commissioners does not affect audit report lag is consistent with Pratiwi & Nurbaiti (2021), suggesting that numerical compliance does not necessarily translate to effective governance, especially when the independence threshold is unmet.

The non-significant effect of audit committee meeting intensity mirrors the findings of Fakri & Taqwa (2019), indicating that mere meeting frequency does not necessarily improve audit timeliness if substantive contributions to the audit process do not accompany it. Lastly, the adverse effect of board of directors' composition on audit report lag supports Basuony et al. (2016), reinforcing the importance of competence-based leadership in facilitating timely financial reporting.

### Research Limitations

In this study, the independent variables selected only include profitability, solvency, composition of the board of commissioners, intensity of audit committee meetings, and composition of the board of directors. These variables could only explain the audit report lag of 35.23%, while the rest were described by other variables not selected in this study.

### Recommendations for Future Research

Based on the results of the determination coefficient test, a value of 0.3523 was obtained, which shows that the independent variables in this study, such as profitability, solvency, composition of the board of commissioners, intensity of audit committee meetings, and composition of the board of directors, were only able to explain the audit report lag variable of 35.23%. In comparison, the remaining 64.77% was explained by other variables not included in this research model. Future research can be done by expanding the scope of other variables potentially affecting audit report lag.

Based on the hypothesis test carried out, there is one proxy that is considered less than optimal in measuring the variables to be studied, namely the intensity of audit committee meetings which is calculated by comparing the number of meetings held by the company's audit committee with the number of audit committee meetings by OJK rules. In subsequent research, measurements for this variable can be more focused on showing the quality of the audit committee's performance. Researchers can use existing primary data, such as meeting results, minutes of findings, or meeting materials.

## CONCLUSION

Profitability harms audit report lag. This means that profitability measured by the ROA (return on assets) proxy can affect audit report lag in companies in the consumer cyclical sector for 2019 – 2022. The higher the company's profitability, the shorter the audit process required. The company wants to convey good news to its stakeholders immediately.

Solvency harms audit report lag. This means that solvency, as measured by the DAR (debts to assets ratio) proxy, can affect audit report lag in companies in the consumer cyclical sector for the 2019 – 2022. High solvency does not make companies late in submitting their financial statements. This is due to the high solvency, which was not caused by management errors but by the economic situation hit by the COVID-19 pandemic.

The composition of the board of commissioners does not affect the audit report lag. This means that the composition of the board of commissioners, measured by comparing the number of independent boards of commissioners with the number of boards of commissioners, cannot affect audit report lag. In most companies in the consumer cyclical sector, the number of independent board of commissioners is minimal, so the function of the independent board of commissioners to control reporting cannot run optimally, and the submission of financial statements cannot be done as soon as possible.

The intensity of the audit committee meeting did not affect the audit report lag. This means that the intensity of audit committee meetings, which is measured by comparing the number of meetings held by the company with the number of sessions that should be held under OJK regulations, cannot affect audit report lag. The proxy cannot dig up information about the quality factors from the audit committee itself.

The composition of the board of directors harms audit report lag. This means that the composition of the board of directors, which is measured by comparing the number of board members with a suitable educational background (Economics/Informatics/Industrial Engineering) with the number of board members as a whole, can affect audit report lag. With many board of directors with appropriate educational backgrounds, the company can prepare reliable financial statements and submit them on time.

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