



# Corporate Governance and Audit Report Lag in Non-Financial Companies on the Indonesia Stock Exchange

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## Abstract

**Objective** – This paper aims to assess the validity of corporate governance on audit report lag. Corporate governance is proxied by the variable board of directors size, independent board of commissioners, female board of directors, external auditor reputation (Big 4), and audit committee size. The sample of this research is non-financial companies that are listed consecutively on the Indonesia Stock Exchange during the period 2014 to 2020.

**Design/methodology** – The results of data collection indicate that the sample that meets the criteria is 86 firm-years, or 602 observations. The records scrutiny method used panel data regression.

**Results** – The outcome displayed that the board of directors size, auditor reputation (Big 4), and audit committee size had a negative effect on the Audit Report Lag (ARL). Furthermore, the independent board of commissioners has a positive effect on ARL, while the female board of directors has no effect on the Audit Report Lag (ARL).

**Research limitations/implications** – This study fully uses secondary data obtained from annual reports published by the company. Therefore, the real background and motivation regarding the Audit Report Lag (ARL) from the management has not been revealed. Thus, it is necessary to conduct direct interviews with company management.

**Novelty/Originality** – This study uses two predictor variables that are rarely considered by previous researchers for the Indonesian context, such as Female board of directors and External auditor reputation (Big 4). In addition, for the Indonesian context, this study uses a relatively long period with a higher number of observations and uses the panel data regression method.

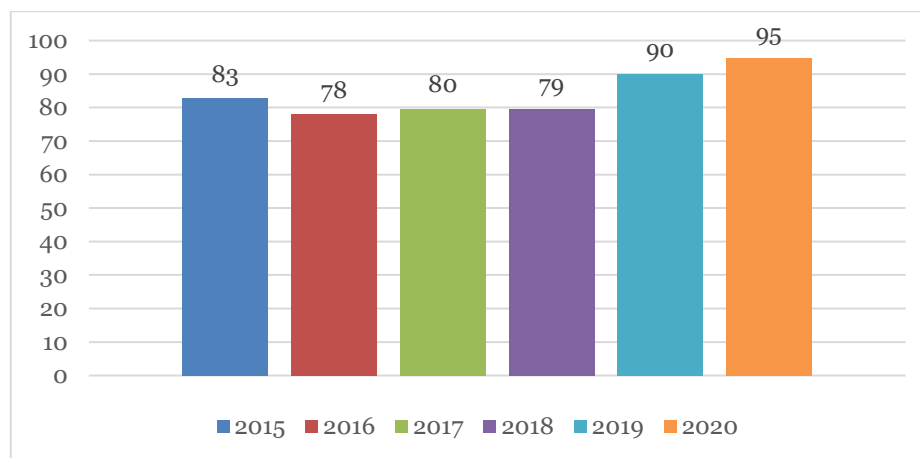
**Keywords:** Corporate governance, audit report lag, non-financial companies

## 1. Introduction

The International Accounting Standards Board (IASB, 2010) asserts that several qualitative characteristics can make the information presented in financial statements applicable to users. These qualitative characteristics are relevance, accurate representation, comparability, and understandability. Timeliness is an additional aspect of significance, because being timely means the report has more accurate information for decision makers (Agyei-Mensah, 2018). If information is not available when needed, or is available so long after the event has occurred, then the financial statements have no value for future action, so the information is irrelevant or useless (IASB, 2010). In addition, delays in providing financial statements can lead to an increase in the risk of information asymmetry risk, and it will increase uncertainty related to investment decisions (Ashton et al., 1989). Timeliness provides a platform for trading trustworthiness and efficacy to ascertain legitimacy, proficiency, transparency, preserves investors and diminish peril, the latter will improve the quality of the company's financial reports (Al-Ajmi, 2008; Türel, 2010). Therefore, companies that

are able to publish their (audited) financial statements on time, in addition to increasing relevance, can also create confidence, credibility, and reliability of the company (Lybek & Morris, 2004). Audited company reports are the primary origin of dependable material for investors (Leventis et al., 2005). The perfect circumstances for users is to gain and employ the annual report instantly at the end of the year, however, this is very difficult to happen because it takes time to compile and provide independent coverage on financial statements and other information (Mathuva et al., 2019). Thus, company delays in publishing audited financial reports (audit report lag) are common, especially in developing countries, such as in Indonesia. Afify (2009) concluded that in the capital markets of developing countries, details are fairly constrained and has a longer lag timely disclosure of information.

The results of examinations of 86 non-financial firms listed on the Indonesia Stock Exchange during the 2015-2020 period for the average Audit Report Lag (ARL) are shown in Figure 1 below.



**Figure 1.** ARLs' Average of 86 non-financial companies on the IDX

From Figure 1, it is identified that the ARLs' average for 2015, 2016, 2017, 2018, 2019 and 2020 is 83 days, 78 days, 80 days, 79 days, 90 days and 95 days, respectively. Thus, investors and other stakeholders need a relatively prolonged time to know the company's performance to make decisions related to their business interests.

A large number of explorations of the factors of Audit Report Lag (ARL) has been carried out previously. Previous researchers have examined and concluded that ARL occurs due to various factors, and the three most important factors are auditor factors, company-specific factors, and factors related to corporate governance (Habib et al., 2019; Durand, 2019; Kaaroud et al., 2020; Chalu, 2021). However, our observations of several studies examining the effect of corporate governance proxy variables on ARL, these researchers reported mixed results, this can be stated as follows.

First, Alfraih (2016) and Ezat & El-Masry (2008) discovered a refusal association among board size and AR, Mathuva et al. (2019) and Habib et al. (2019) declared a positive affinity between board size and AR. Chalu (2021) concludes that board size has no purpose on AR. Second, Chan et al. (2016) and Samaha & Khelif (2017) found a negation affiliation amid board independence and ARL, Mathuva et al. (2019) showed a constructive connection among board independence and ARL. Meanwhile, Kaaroud et al. (2020) reported that board independence had no effect on ARL. Third, Chalu (2021) and Singh & Sultana (2011) showed that female directors had no effect on ARL, but Mathuva et al. (2019) an adverse correlation across female directors and ARL. Fourth, Chalu (2021) found a positive relationship between audit committee size and ARL, but Kaaroud et al. (2020) showed that audit committee size had no effect on ARL. Fifth, Al-Mulla & Bradbury (2020) and Rusmin & Evans (2017) show a refusal association between Big 4 and ARL. However, research by Juliardi et al. (2021) on Real Estate and Property companies in Indonesia and research by Shofiyah & Suryani (2020) on mining firms in Indonesia concluded that the Big 4 have no relationship with ARL.

The inconsistency of some of the research results may be due to differences in the place and time of the research, as well as the specific research model that was built.

The explanation above exhibits the relevance of punctual submission of audited company financial statements and the gap in the results of research on the effect of corporate governance on ARL. Therefore, this analysis aims to examine the effect of corporate governance on ARL in non-financial companies recorded at the Indonesia Stock Exchange (IDX). There are four reasons for choosing a non-financial business as an illustration of this investigation, namely: First, to avoid industry bias; Second, non-financial companies are one of the largest sectors on the IDX; Third, to our intelligence, there is very little exploration on the effect of corporate governance on ARL in non-financial companies, particularly in Indonesia; Fourth, our observations of ARL data on non-financial companies on the IDX for the period 2014 to 2020 show an ordinary of 83 days with a standard deviation of 24 days, an upper limit of 218 days, and a minimum of 29 days. Thus, this research is important and interesting to do.

The remains of this article are structured in the following order: The following segment is dedicated to literature reviews as a basis for developing hypotheses; The next part is to explain the research method used; The last part is to reveal the results of the analysis followed by the discussion.

## **2. Literature Review, Theoretical Framework, and Hypothesis Development**

Agency theory explains the segregation between proprietorship and supervision may derive in a clash of concern among supervision and stockholders (Fama & Jensen, 1983; Shleifer & Vishny, 1997), because managers are selfish, opportunistic, have different goals and chance precedence (Fama & Jensen, 1983). Agency theory states that the fundamental obligation of the board is to oversee the executive to preserve shareowners from conflicts of concern (Shleifer & Vishny, 1997). The board of directors is an important mechanism in overseeing and governing managers from selfishness at the expenditure of shareholders' wealth (Hillman & Dalziel, 2003; Darko et al., 2016).

Resource dependence theory explains that a corporation is not self-sufficient due to restricted resources and must be connected to the extrinsic atmosphere to develop (Pfeffer & Salancik, 2003). This theory claims that the board of directors is the foundation for the foreign atmosphere of the organization, because it can utilize important extrinsic capital such as finance and human capital, technology and relevant information (Kiel & Nicholson, 2003). This supply can increase the efficacy of the company's critical judgment creation (Kiel & Nicholson, 2003; Arora & Sharma, 2016) and can expand its authenticity (Lückerath-Rovers, 2013). Resource dependence theory supports a vast board size, the attendance of women, proficient managers on the board to make relationship with the company's extrinsic atmosphere (Ujunwa, 2012; Lückerath-Rovers, 2013).

### *2.1 Board Size*

Board size in relation to the standard of accounting intelligence has been the issue of intense study and dispute amid experts in the field of corporate governance (Agyei-Mensah, 2018). The debate that ensued led to an argument between a larger board size and a smaller board size in relation to the effectiveness of the board. Proponents of large board sizes refer to the arguments of resource dependence theory, which explains that hefty boards will carry further proficiency and deepen organizational responses to standard requirements (Wijethilake et al., 2015). Meanwhile, supporters of small board sizes based on agency theory which explains that it is challenging for all board personnel with large numbers to express point of views or ideas at the available period so that it will create conflict, distrust, hostility, which will ultimately reduce motivation (Lipton & Lorsch, 1992).

Previous studies reported diverse findings in relation to the affinity among board size and ARL. One research group reported an adverse relationship between board size and ARL, which supports the agency theory rationale, for example Alfraih (2016) and Ezat & El-Masry (2008). Other research groups prove an affirmative association between board size and ARL that support the arguments of resource dependence theory, for example Mathuva et al. (2019) and Habib et al. (2019). The study of Chalu (2021) concluded that board size has no impact on ARL. The existing material on the link among board size and ARL is inconsistent, however, for non-financial firms on the IDX we expect that board size has a refusal impact on ARL. It is for the reason, in Indonesia, resources that are measured to have credentials as personnel of the board of directors of large corporations, such as non-financial companies that go public on the IDX, are still inadequate. Thus, it is not infrequent for a fellow of the board of directors in a company to be immersed in membership on the board of directors of another enterprise, and the scarcity of resources is in course with resource dependence theory. Thus, the proposed hypothesis is:

*H1. Board size has a negative effect on ARL.*

### *2.2 Board Independence*

The attendance of independent members of the board is anticipated to perform a substantial purpose in monitoring by the board of management, thereby reducing opportunistic behavior of directors (Fama & Jensen, 1983). In inclusion, the existence of independent members on the board is able to prop the financial reporting action (Samaha & Dahawy, 2011), Therefore, the existing corporate governance arrangement should implement a successful surveillance process and follow a strong critical viewpoint. Thus, there is a strong possibility that the audit of financial statements conducted by external audit will run more effectively and efficiently (Cohen et al., 2002). In Indonesia, the independence of the board is intended for the board of commissioners. This is in alignment with the Financial Services Authority Regulation No. 33/POJK.04/2014 which states that at least 30% of the total members of the board of commissioners of public companies are independent commissioners.

The results of previous studies reported mixed empirical evidence on the connection among board independence and ARL. Several research reported a negative association amid board size and ARL, for example Afify (2009), Chan et al. (2016), and Samaha & Khlif (2017). However, research Mathuva et al. (2019) shows a positive association between board independence and ARL. Meanwhile Kaaroud et al. (2020) reported that board independence had no effect on ARL. Although, prior research on the association among board independence and ARL reported inconsistent findings, for non-financial companies on the IDX we expect that board independence has an adverse impact on ARL. The motive is that independent commissioners are external affiliates who are nominated and presented on the board to sincerely fight for the welfares of the shareholders. In addition, POJK Number 57 /POJK.04/2017 has required public companies in Indonesia to have at least 30% independent members on their board of commissioners, this shows how important their existence on the board is. Thus, the proposed hypothesis is:

*H2. Board independence has a negative effect on ARL.*

### *2.3 Board Gender Diversity*

Agency theory explains that committee with various ethnicities and genders are able to build more independent boards and increase oversight of managerial activities (Cabedo & Tirado, 2004; Elzahar & Hussainey, 2012). The gender diversity paperwork is premised on the argument that the female population is able to create different board characteristics, which in change can make the board perform better in controlling management decision making (Agyei-Mensah, 2018). However, male-female pluralism in the administration group also has the potential to be detrimental to the organization, as female executives deal with more impediments within the team, are more likely to

be discriminated against, and can increment discord (Richard et al., 2004). In addition, the existence of female on the board of directors can reduce job satisfaction, cohesion and commitment (Jackson et al., 2003).

The information on the association among female directors and ARL is still limited, we only found three previous studies on it. First, Singh & Sultana (2011) concluded that female directors had no effect on ARL. Second, Mathuva et al. (2019) concluded that female directors were significantly associated with increased timeliness of annual reports. Third, Chalu (2021) concludes that female directors have no impact on audit report lag. Although studies of the relationship between female directors and ARL report mixed findings, for non-financial companies on the IDX we expect that female directors have a negative effect on ARL. Thus, the proposed hypothesis is:

*H3. Female directors have a negative influence on ARL.*

#### *2.4 Auditor Reputation (Big 4)*

Big 4 audit company is able to demonstrate higher audit grade than non-Big 4 audit company (Becker et al., 1998; Caneghem, 2004). Leventis et al. (2005) found that Big 4 audit firms employ more competent and skilled staff supported by the utilization of higher verification methods, so Big 4 audit company requires faster duration to complete their scrutiny work. Thus, corporations in Indonesia whose financial statements, audit by a Public Accounting Firm (PAF) affiliated with the Big 4 have a greater potential to show a shorter ARL. This is in line with the statements Afify (2009) and Cohen & Leventis (2013), that Big 4 PAFs tend to possess better incentives to complete their client's audit employment faster to maintain their reputation.

However, studies Juliardi et al. (2021) on Real Estate and Property companies in Indonesia and Shofiyah & Suryani (2020) on mining corporations in Indonesia found that the Big 4 had no relationship with ARL. However, most studies prove that a business whose financial statements are verified by PAFs affiliated with Big 4 have shorter ARLs (Al-Mulla & Bradbury, 2020; Rusmin & Evans, 2017; Hassan, 2016; Cohen & Leventis, 2013). Thus, the proposed hypothesis is:

*H4. Companies whose reports are audited by BIG 4 affiliated PAFs have shorter ARLs.*

#### *2.5 Audit Committee Size*

The audit panel has the responsibility to reveal and determine potential issue related to financial reporting by monitoring the financial reporting procedure and communicating with examiners (Agyei-Mensah, 2018). Furthermore, Lybek & Morris (2004) explains that the audit committee can assist the board to fulfil its prudential function by delivering peculiar proficiency related to inner supervision and financial publication. Thus, the audit committee is anticipated to have a favorable impact on the timely publication of audited financial statements. Oussii & Boulila Taktak (2018) revealed that to ensure that the audit committee can work effectively, it is necessary to have the appropriate size (number of members).

Prior study of the association between audit committee size and ARL reported inconsistent findings. On the one hand, several studies have established a negative affinity among audit committee size and ARL, which is in line with the arguments of resource dependence theory. For example (Habib et al., 2019; Durand, 2019; Oussii & Boulila Taktak, 2018); Sultana et al., 2015). On the other hand, studies Chalu (2021) and Nelson & Shukeri (2011) Prove a favorable association amid audit committee size and ARL according to the agency theory argument. Kaaroud et al. (2020) showed that the size of the audit committee had no effect on ARL. Although, former research informed, diverse findings about the relationship among audit committee size and ARL, for non-financial companies on the IDX we expect that audit committee size has an adverse impact on ARL. Thus, the proposed hypothesis is:

*H5. Audit committee size has a negative effect on ARL.*

### 3. Research Method

#### 3.1 Population and Sample

The population of this study is all non-financial firms listed on the IDX during the period 2014 to 2020. The sample of this study was determined using purposive sampling, with the subsequent requirement: 1) The companies were listed on the IDX consecutively during the period 2014 to 2020; 2) The company publishes annual reports and financial reports for the dated from 2014 to 2020. The results of data collection are 86 companies-years. Thus, this study used 602 observations.

#### 3.2 Definition and Operationalization of Variables

The dependent variable in this research is the Audit Report Lag (ARL). ARL is gauged by the number of days from the end of the economic year to the date of the auditor's report, and this number is converted to a logarithm. as used by Durand (2019), Kaaroud et al. (2020) and Chalu (2021). This study uses six independent variables. Furthermore, the codes, names, operationalization definitions, and their references for the six variables are shown in Table 1 as follows.

Code	Variable	Variable Operationalization	Reference
BDS	Board of Directors Size	The logarithm of the total number of members of the board of directors	(Chalu, 2021; Mathuva et al., 2019)
IBC	Independent Board of Commissioners	The proportion of the number of independent board of commissioners to the members of the board of commissioners	(Kaaroud et al., 2020; Mathuva et al., 2019)
FBD	Female Board of Directors	The proportion of female members of the board of directors to all members of the board of directors	(Chalu, 2021; Mathuva et al., 2019)
ACS	Audit Committee Size	Logarithm of the total quantity of audit committee affiliates	(Chalu, 2021; Kaaroud et al., 2020)
BIG 4	External Auditor Reputation	Score 1 (one) for companies whose reports are audited by Big 4, and score 0 (zero) for companies audited by non-Big 4.	(Al-Mulla & Bradbury, 2020; Rusmin & Evans, 2017)

**Table 1.** Code, variable name, variable operationalization and references

#### 3.3 Analysis Method

This analysis uses multiple OLS, descriptive statistics, and classical assumption test. The form of the multiple linear regression model used is as follows:

$$\text{LogARL}_{i,t} = \beta_0 + \beta_1 \text{LogBDS}_{i,t} + \beta_2 \text{ICB}_{i,t} + \beta_3 \text{FBD}_{i,t} + \beta_4 \text{LogACS}_{i,t} + \beta_5 \text{BIG4}_{i,t} + \varepsilon_{i,t}$$

### 4. Results

#### 4.1 Results

In this part, several results are introduced, namely descriptive statistics, results of data analysis, and the feasibility of the model built for this research. Descriptive statistics are described in Table 2 which contains the mean, standard deviation, maximum and minimum, as well as the number of observations.

Table 2 shows the mean ARL of 82,854 or close to 83 days, the maximum ARL is 218 days and the minimum is 29 days. In conditions of rapid business change for now and in the future, it is too long to wait 83 days to realize the company's performance. This will certainly impair investors and other stakeholders in making proper decisions related to their business interests.



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VOL. 5(2)**Table 2.**  
Descriptive  
statistics

Variables	Mean	Std. Dev.	Maximum	Minimum	Observ.
ARL	82.854	24.092	218	29	602
BDS	5.204	2.426	15	2	602
IBC	0.403	0.104	0.800	0.333	602
FBD	0.126	0.171	0.714	0.000	602
CAS	3.038	0.345	5	2	602
BIG 4	0.463	0.499	1.000	0.000	602

The mean BDS is 5,204 or more than 5 people, the maximum BDS is 15 people and the minimum is 2 people. The mean ICB is 0.403, the maximum ICB is 0.800 and the minimum is 0.333. The mean FBD is 0.126 and the maximum is 0.714. The minimum FBD is 0.000 owned by 343 companies where there is no female gender on the board of directors. The mean ACS is 3,038 or more than 3 people, the maximum ACS is 5 people and the minimum is 2 people according to the applicable regulations. The mean of BIG 4 is 0.463, the maximum of BIG 4 is 1,000, which is the score for companies whose financial statements are audited by PAF affiliated with Big 4 totaling 279 companies. Minimum BIG 4 is 0.000, which is the score for companies whose financial statements are not audited by PAF affiliated with Big 4, totaling 323 companies.

The data analysis model used is panel data regression which is processed with the Eviews application. The results of the analysis for the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) are recapitulated and shown in Table 3 below.

**Table 3.**  
Non-  
multicollinearity  
test results

Independent variable	CEM		FEM		REM	
	Coeff.	Prob.	Coeff.	Prob.	Coeff.	Prob.
Log BDS	-2.022	0.415	-0.116	0.015**	-0.060	0.094*
IBC	0.209	0.036**	0.351	0.000***	0.209	0.001***
FBD	-0.203	0.001***	0.057	0.486	-0.203	0.582
Big 4	-0.158	0.000***	-0.207	0.000***	-0.158	0.000**
Log ACS	-0.183	0.036**	-0.216	0.019**	-0.183	0.000***
C	4.630	0.000***	4.746	0.000***	4.640	0.000***

The dependent variable is Log ARL

Notes: \*significant at 10%; \*\*significant at 5%; \*\*\*significant at 1%

#### 4.1.1 Determining the Best Model

The outcomes of the Chow trial display that the Chi-square cross-section has a statistical value of 507,829, d.f 85, and a probability of 0.000, this means that FEM is more suitable than CEM. Hausman test results show that the random cross-section has Chi-Sq. Statistics 10,953, Chi-Sq. d.f. 5, Probability 0.0483, this means that FEM is more suitable than REM. Thus, the discussion of the results of the analysis refers to FEM.

#### 4.1.2 FEM Feasibility Test

FEM has an Adjusted R-squared value of 0.564, F-statistic 9.647 and a p-value of 0.000. This means that all independent variables significantly affect the Log ARL by 56.40%. The Jarque-Bera value is 4.746 with a p-value of 0.098, this imply that the data is normally distributed. The value of Durbin-Watson statistic is 1.370 which means the model is free from heteroscedasticity symptoms. Furthermore, the results of the non-multicollinearity test are obtainable in Table 4.

**Table 4.**  
Non-multicollinearity test results

<b>Variables</b>	<b>LOG(BDS)</b>	<b>IBC</b>	<b>FBD</b>	<b>LOG(CAS)</b>	<b>BIG_4</b>
LOG(BDS)	1.000	0.046	0.037	0.181	0.470
IBC	0.046	1.000	0.156	-0.036	-0.069
FBD	0.037	0.156	1.000	-0.014	-0.007
BIG_4	0.470	-0.069	-0.007	0.226	1.000
LOG(CAS)	0.181	-0.036	-0.014	1.000	0.226

Table 4 shows that the value of the correlation coefficient between the independent variables is less than 0.850. This means that the research model built is free from multicollinearity symptoms.

#### 4.2 Discussions

Referring to the results of FEM analysis, non-financial companies with larger boards (BDS) have a shorter Audit Report Lag (ARL); thus, Hypothesis 1 (H1) is accepted. The effects of this analysis bolster the resource dependence theory, which explains that a more significant number of boards will fetch further proficiency and deepen the organizational reaction to attribute standard (Wijethilake et al., 2015).

The findings of this study are in line with studies Alfraih (2016) and Ezat & El-Masry (2008), which prove that board size is related to shorter ARL. However, the results of this study contradict Mathuva et al. (2019) and Habib et al. (2019), which found a affirmative association between board size and ARL. This study differs from Chalu (2021) study, which reported that board size did not affect ARL.

The products of FEM examination show that non-financial companies on the basis of a more significant proportion of independent boards (IBC) have longer ARL times, so Hypothesis 2 (H2) is rejected. These results indicate that independent board members understand less about the company's operations and focus more on their parent institution. This result is in line with Vafeas (1999), who revealed that independent boards always spend most of their time in board meetings trying to understand the company's problems. The empirical evidence supports Mathuva et al. (2019), concluding that independence on the board is related to longer ARL. However, the results of this study contradict Fama & Jensen (1983), which explains that the existence of independent members on the board has a significant impact on the supervisory function of the board to reduce the opportunistic attitude of managers and prop the financial reporting process (Samaha & Dahawy, 2011). In addition, the results of this study are unlike from those of Kaaroud et al. (2020), which determines that board independence has an insignificant relationship with audit report lag.

The outcomes of FEM analysis show that the attendance of female gender on the board of directors of non-financial companies (FBD) is not significantly related to ARL, so Hypothesis 3 (H3) is rejected. The results of this research do not support an agency theory which states that boards with several ethnic and gender backgrounds can increase board independence and improve executive scrutiny (Cabedo & Tirado, 2004; Elzahar & Hussainey, 2012). Thus, this empirical finding is different from the results of Mathuva et al. (2019), which concluded that the female gender on the board of directors could significantly increase the timeliness of completion of the company's annual report. However, these empirical findings support Chalu (2021) study, proving that the female gender on the board of directors does not affect ARL. Based on the results of FEM analysis, the non-financial firms whose financial statements are reviewed by a reputable public accountant (BIG 4) have a shorter ARL. Thus, Hypothesis 4 (H4) is accepted. These results align with the statements Caneghem (2004) and Becker et al. (1998), that Big 4 audit company might offer enhanced audit standard than non-Big four because they have strong stimulus to offer or provide retain high audit. These empirical findings support many studies that also prove that BIG 4 has a significant and negative effect on ARL (e.g., Al-Mulla & Bradbury, 2020; Rusmin & Evans, 2017; Cohen & Leventis, 2013; and Afify, 2009).



Referring to the results of the FEM analysis, it can be seen that non-financial companies with a larger audit committee size (ACS) have a shorter Audit Report Lag (ARL); thus, we accept Hypothesis 5 (H5). The results of this study are in line with the explanation Lybek & Morris (2004) the Audit Committee may assist the Board in the performance of its supervisory function by providing specific expertise in internal control and financial reporting. As a result, the audit committee will have a positive impact on faster publication of audit reports. With respect to the number of members, the size of the audit committee needs to be adjusted so that it can operate more efficiently. (Dezoort, 1998; Sultana et al., 2015). This empirical evidence supports the results of a study Oussii & Boulila Taktak (2018) which reports that a larger audit committee size is significantly associated with a shorter audit report lag. However, the findings in this study differ from . Kaaroud et al. (2020), which proves that the size of the audit committee does not affect audit report lag.

### 5. Conclusion, Implication and Limitation

Referring to the analysis results, several conclusions from this research can be stated as follows: First, on average it takes 83 days for non-financial companies on the IDX to publish their financial statements, this will certainly harm investors and other stakeholders. Second, corporate governance, which is proxied by the variable Board of Directors Size (BDS), Auditor Reputation (BIG 4), and Audit Committee Size (ACS), has a negative and significant effect on the Audit Report Lag (ARL) in non-financial companies listed on the IDX for the period 2014-2020. Third, corporate governance as a proxy for the Independent Board of Commissioners (IBC) variable has a positive and significant impact on the Audit Report Lag (ARL) in non-financial companies listed on the IDX for the 2014-2020 period. Fourth, corporate governance as a proxy for the Female Board of Directors (FBD) variable does not affect the Audit Report Lag (ARL) in non-financial companies listed on the IDX for the 2014-2020 period.

The results of this study contribute to the development of the theory of corporate governance, in particular with respect to the delay of the audit reports in non-financial companies on the IDX. In addition, practically, the findings of this study offer solutions for related parties such as regulators and investors through the general meeting of shareholders and the management of the company itself. First, maintain and proportionally increase the size of the board of directors and the size of their audit committee to form good corporate governance; Second, should take advantage of the services of a reputable auditor (BIG 4) to audit their financial statements; Third, should re-evaluate the large proportion of independent members on their boards of commissioners and female members on their boards of directors because the two proxies for corporate governance variables are not unrelated to shorter ARL.

This study has several weaknesses, including only using a sample of non-financial companies on the Indonesia Stock Exchange. Corporate governance in this study is proxied by the variables Board of Directors Size, Board of Commissioners, Female Board of Directors, BIG 4, and Audit Committee Size. Therefore, we recommend that further research agendas be carried out in other industrial sectors on the IDX or in capital markets abroad. In addition, it is recommended to consider the ownership structure, CEO duality, and other matters related to the quality of the audit committee as a proxy for corporate governance variables. Finally, it is advisable to consider company-specific factors as determinants of ARL, such as company size and age, capital structure, and company liquidity.

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