Research Article

Audit Report Lag Analysis: The Effect of the Financial Ratios of LQ-45 Companies for the Period 2021-2024

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Abstract: This study aims to analyze the effect of financial ratios, including profitability, solvency, and liquidity, on Audit Report Lag in companies listed on the LQ-45 index. The population in this study consists of all companies listed on the LQ-45 index on the Indonesia Stock Exchange (IDX) during the period of 2021–2024. The research sample consists of secondary data determined using purposive sampling techniques with the criteria of companies that are consistently listed on the LQ-45 index and publish audited annual financial reports during the observation period, resulting in 20 companies with a total of 80 observations. Profitability was measured using Return on Assets (ROA), solvency using Debt to Equity Ratio (DER), and liquidity using Current Ratio (CR). The data analysis technique used was Partial Least Square–Structural Equation Modeling (PLS-SEM) with the help of SmartPLS 4 software. The results showed that profitability, solvency, and liquidity partially had a significant effect on Audit Report Lag. In addition, simultaneously, the three financial ratios were proven to have a significant effect on Audit Report Lag. These findings indicate that a company's financial condition plays an important role in determining the length of the process of completing and submitting audited financial reports.

Keywords: Audit Report Lag; Liquidity; LQ-45; Profitability; Solvency.

1. Introduction

Timeliness in submitting audited financial statements is very important for companies listed on the Indonesia Stock Exchange (IDX) so that the information presented does not lose its relevance in influencing investor decisions (Efraldo Saragih & Laksito, 2021). Financial reports build trust between internal and external parties of the company. In the context of companies listed on the IDX, delays in completing and submitting audit reports can result in financial information not being presented on the IDX website. This condition has the potential to influence the opinions and decisions of external parties, especially investors, regarding the company's suitability as an investment object.

Audits of financial statements play an important role in enhancing the credibility and transparency of a company's financial information, while also increasing the confidence of report users in the fairness and feasibility of the information presented for decision-making. Audit Standard (AS) 200 (Revised 2021) emphasizes that companies listed on the IDX have an obligation to submit audited financial reports so that the information presented is material and prepared in accordance with the applicable financial reporting framework, both for quarterly and annual periods (IAPI, 2021).

However, based on the announcement from the IDX No. Peng-S-00006/BEI.PLP/04-2025 dated April 22, 2025, there were 128 companies that had not submitted their financial reports as of December 31, 2024, where the deadline was April 8, 2025 (IDX, 2025). And the media outlet Liputan6 (2025) reported on its official website the condition of these 128 companies that received a Written Warning I from the IDX authority. This phenomenon

shows that delays in the audit process can cause problems with information disclosure, which has the potential to reduce investor confidence in the capital market.

Companies with healthy financial conditions are believed to facilitate the auditor's data collection and verification process, thereby shortening the audit duration. Conversely, companies with less stable financial conditions tend to require a longer audit process due to greater complexity and audit risk. Previous studies have shown that Audit Report Lag (ARL), which is the time span between the completion and submission of audit reports, is influenced by a number of factors. According to Suminar et al. (2022), the profitability factor influences the ARL of companies listed on the IDX for the 2017-2020 period. However, the results of research by Dedewi & Yusuf (2023) reveal the opposite, that the profitability variable does not affect ARL, but rather the solvency variable affects the ARL of mining sector companies listed on the IDX during 2019-2021. Another study conducted by Ayuningtyas & Riduwan (2020) states that it is not the solvency variable that directly affects ARL, but rather the liquidity variable that influences ARL.

The diversity of findings in previous studies indicates that further analysis of the financial statements of companies listed on the IDX is still needed, using a more recent observation period. This study focuses on companies included in the LQ-45 index, which is known as a stock index with high liquidity and market capitalization and is often used as an objective reference in capital market analysis in Indonesia. Therefore, this study aims to analyze the effect of financial ratios, which include profitability, solvency, and liquidity, on audit report lag in LQ-45 companies during the period 2021–2024.

2. Preliminaries or Related Work or Literature Review
Agency Theory
Agency theory explains the relationship between one or more individuals as principals and another party as agents to fulfill certain tasks, such as delegation and decision making (Sitanggang et al., 2025). This theory assumes that both parties act in their own interests, which has the potential to cause conflict. Agency theory explains how conflicts of interest can arise on the management side as agents and on the stakeholder side as principals. According to Jensen & Meckling (1976), a contractual relationship arises when a principal delegates decision-making authority to an agent. The difference between ownership and management of a company then has the potential to cause conflict because the interests of agents and principals are often not aligned (Susanti, 2021). Financial statement audits play a role in reducing these conflicts by providing assurance on the fairness of financial statements. In addition, audited financial reports that are released on time can minimize the risk of information asymmetry, where management as agents generally have more information than other stakeholders. Within the framework of agency theory, Audit Report Lag can be understood as a measure of the auditor's efforts in responding to the level of agency risk inherent in the company's condition. The higher the agency risk (for example, when the company is in poor financial condition), the longer it will take for the auditor to ensure the fairness of the financial statements and compliance with the principles of audit materiality, thereby prolonging the audit completion time. Conversely, when a company's financial condition is good, as reflected in high liquidity, stable profitability, and maintained solvency, agency risk is lower, so the audit process can be completed more efficiently and audit reports tend to be published earlier.

Signaling Theory
As a supporting theory, this study also uses signal theory. According to Spencer in Ilyas's (2021) study, after a signal is sent, the owner of the information will try to convey relevant and useful information to the recipient, who will then adjust their response based on the signal. Signal theory provides an overview of how information owners can send signals to other parties in the form of useful information. The delivery of audit results becomes a signal in an effort to reduce information asymmetry between internal and external parties of the company (Mahendra & Daljono, 2023). Thus, the timeliness of the delivery of financial audit reports becomes a positive signal to stakeholders regarding the condition of the company, so it needs to be published quickly to minimize the risk of information asymmetry.

Audit Report Lag (ARL)
Audit Report Lag (ARL) is the time between the end of the financial reporting period and the date of issuance of the independent audit opinion included in the annual financial

statements Resti & Indra (2024). Knechel and Payne in Agustina & Jaeni (2022) explain that audit report lag consists of three important parts, namely scheduling lag, fieldwork lag, and reporting lag. Scheduling lag is the time span from the end of the financial statement closing period, which is December 31, to the time the audit is conducted. Fieldwork lag is the time span calculated from the start of the audit process to the completion of the audit process. Meanwhile, reporting lag is the length of time between the completion of the audit process and the issuance of the audit opinion report. Regulations in Indonesia related to ARL are governed by the OJK through Financial Services Authority Regulation (POJK) No. 14/POJK.04/2022 and the requirements of the IDX, which require audited annual financial statements to be published no later than 90 days after the end of the fiscal year (OJK, 2022). If the ARL exceeds 90 days, the issuer (a company listed on the IDX) must accept consequences in the form of administrative sanctions such as fines and warning letters from the IDX authority. The audit time frame is categorized as timeliness if the date of publication of the audited financial statements complies with the applicable provisions or is considered late (lag or Audit Delay) if it exceeds the specified time limit. Therefore, the Audit Report Lag can be used as a measure of audit efficiency in efforts to achieve corporate information transparency.

Financial Ratios

According to Kasmir, as cited in the research by Lase et al. (2022), financial ratios are an analysis technique that compares figures in financial statement components by dividing one item by another, either within a specific period or across several periods. Financial ratios are used to meet the information needs of three main groups of financial statement users, namely company managers, credit analysts, and stock or securities analysts (Hery, 2016). In financial statement analysis, financial ratios are generally classified into four categories, namely profitability ratios, liquidity ratios, solvency ratios, and activity ratios (Arens et al., 2017). For the purpose of evaluating a company's overall performance, a combination of several financial ratios is required, unless the evaluation focuses only on certain aspects (Hery, 2016).

Hypothesis Development

The Effect of Profitability on Audit Report Lag

Profitability ratios are used to assess a company's ability to generate profits with its resources over a certain period of time (Nirawati et al., 2022). Companies that are able to generate high profits generally want to publish their financial reports as soon as possible to send a positive signal to the market. This is in line with signaling theory, which states that companies with good performance will strive to demonstrate their quality through timely financial reporting.

Several previous studies have revealed that profitability has a significant effect on Audit Report Lag (Agustina & Jaeni, 2022; Akiah et al., 2024; Susanti, 2021). However, different results were found in the studies by Faatin et al. (2023) and Sulistiani et al. (2022) which stated that profitability does not have a significant effect on Audit Report Lag. The inconsistency of the results of previous studies shows that the effect of profitability on Audit Report Lag still requires further testing, so the first hypothesis (H1) proposed is as follows:

H1: Profitability affects Audit Report Lag in LQ-45 companies for the period 2021–2024.

The Effect of Solvency on Audit Report Lag

Solvency is a ratio that measures a company's ability to meet its long-term debts (Abrori & Suwitho, 2019). According to Akiah et al. (2024), companies with low solvency ratios tend to submit their financial reports on time compared to companies with high solvency. This is in line with the agency theory context, where a higher level of solvency has the potential to increase the risk of conflict between management (agents) and stakeholders (principals), which encourages management to be more selective in disclosing information.

Previous studies have revealed that solvency has a significant effect on Audit Report Lag (Dedewi & Yusuf, 2023; Karnawati & Kartika, 2022; Puteranata & Sulistiyowati, 2023). However, this differs from the findings of research by Alfiani & Nurmala (2020) and Ayuningtyas & Riduwan (2020), which state that the solvency variable does not have a significant effect on Audit Report Lag. The inconsistency of these previous research results indicates that the effect of solvency on Audit Report Lag still requires further testing. Therefore, the second hypothesis (H2) proposed is as follows:

H2: Solvency affects Audit Report Lag in LQ-45 companies for the period 2021–2024.

The Effect of Liquidity on Audit Report Lag

Liquidity is a financial ratio that measures a company's ability to meet its financial obligations with available resources (Aulia et al., 2024). According to Munawir in Sahri (2021), the liquidity percentage serves to inform users of financial statements about the extent to which a company is able to meet its short-term obligations when they fall due. The liquidity ratio compares current assets to current liabilities. A high liquidity level reflects a company's relatively good financial condition because it has the ability to meet its short-term obligations when they fall due, so it tends to be more timely in publishing its financial statement audit results (Ayuningtyas & Riduwan, 2020).

Previous studies have revealed that liquidity has a significant effect on Audit Report Lag (Meo & Paramitalaksmi, 2024; Resti & Indra, 2024; Tampubolon & Siagian, 2020). However, several studies show different results, namely that liquidity does not affect Audit Report Lag (Fadrul et al., 2021; Kurniawan, 2025; Suminar et al., 2022). The inconsistency found in previous studies indicates that the effect of liquidity on Audit Report Lag still requires further testing. Therefore, the third hypothesis (H3) proposed is as follows:

H3: Liquidity affects Audit Report Lag in LQ-45 companies for the period 2021–2024.

The Effect of Profitability, Solvency, and Liquidity on Audit Report Lag

To gain a more comprehensive understanding of the factors that influence Audit Report Lag, an analysis that considers the simultaneous effects of several variables is necessary. According to Ilyas (2021), profitability indicates a company's ability to generate profits, so profitable companies tend to have better reporting systems, which can influence the timing of financial statement audits. Meanwhile, the solvency variable, which provides an overview of a company's debt-to-equity ratio, means that companies with high solvency levels have the potential to influence the time required by auditors in the financial statement audit process (Mahendra & Daljono, 2023). Similarly, the liquidity ratio, which indicates a company's ability to pay off its short-term liabilities, means that companies with high liquidity levels are generally able to issue audited financial statements more quickly (Susanti, 2021). Each variable shows the potential to explain audit report lag together, so the fourth hypothesis (H4) proposed is as follows:

H4: Profitability, solvency, and liquidity simultaneously affect the audit report lag in LQ-45 companies for the period 2021–2024.
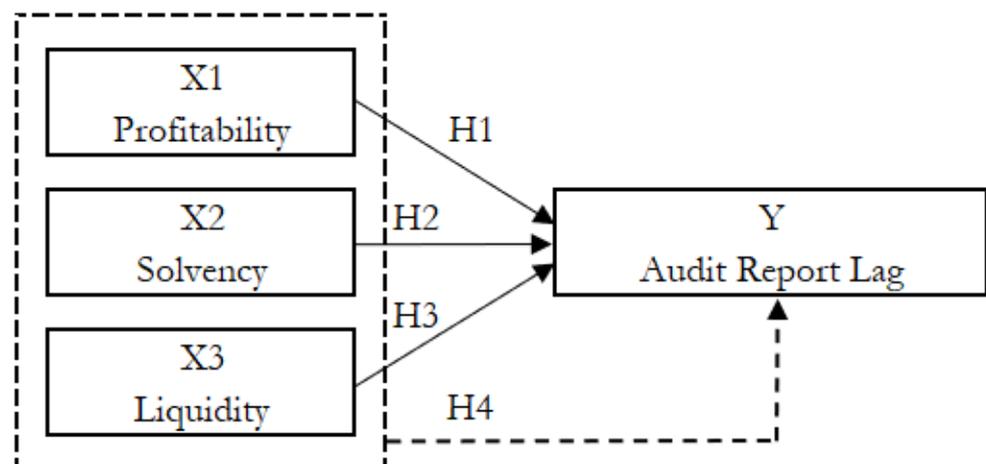

Figure 1. Research Model.

3. Materials and Method

This study uses an associative quantitative approach that aims to determine the effect of independent variables on dependent variables. The independent variables in this study consist of Profitability (X1), Solvency (X2), and Liquidity (X3), while the dependent variable is Audit Report Lag (Y).

The data used in this study is secondary data that was not collected directly but was documented on the official IDX website. The research population consists of all issuers listed on the LQ-45 index and published on the website www.idx.co.id in the form of annual

financial reports for the 2021-2024 period. The research sample was taken using purposive sampling techniques using several criteria to support the research objectives as follows:

1. Companies that consistently remain on the IDX LQ-45 Index list during the 2021-2024 period;
2. Companies that publish complete annual financial audit reports on the IDX website during the 2021-2024 period.

Table 1. Sampling Criteria.

Description	Total
LQ-45 companies during 2021-2024	75
Companies that were not consecutively listed on the LQ-45 during 2021-2024	-55
Companies that did not publish audited financial reports for the 2021-2024 period	0
Amount of Samples	20
Data Observed for the Period 2021-2024 (20 x 4)	80

Issuers listed on the LQ-45 index are evaluated and their financial report data is updated by the Indonesia Stock Exchange (IDX) every 6 months. From this collection of reports, it is known that the population of this study is 75, namely companies that were on the LQ-45 list during the period from 2021 to 2024. However, after selection using the sampling criteria, only 20 companies met the criteria. Considering that the observation period was four years and each of the 20 companies had four audited annual financial reports, the total data in this study consisted of 80 samples, as detailed in Table 1 above.

Measurement of the dependent variable (Y), namely audit report lag, was conducted by calculating the audit report date minus the closing date (Sulistiani et al., 2022). Meanwhile, the independent variable of profitability (X1) is measured using the Return on Assets (ROA) ratio, which is formulated as net income divided by total assets and then multiplied by 100% (Alfiani & Nurmala, 2020). The independent variable of solvency (X2) is measured using the Debt to Equity Ratio (DER), which calculates total liabilities compared to total equity multiplied by 100% (Ayuptri et al., 2023). The third independent variable is liquidity (X3), which is calculated using the Current Ratio, where the company's current assets are divided by current liabilities (Aulia et al., 2024).

This research analysis technique uses Partial Least Square – Structural Equation Modeling (PLS-SEM), which is suitable for testing complex variable relationships with small sample sizes (Hair et al., 2014). Prior to testing, descriptive statistical analysis was conducted to provide an overview of the research data characteristics. Next, a multicollinearity test was conducted to ensure that the model met the analysis requirements, namely that there was no correlation between the independent variables (X). Next, a structural model test, namely Inner Model Evaluation, was conducted to examine the significance between variables. The entire analysis process was carried out using SmartPLS 4 software.

4. Results and Discussion

Results
Statistic Descriptive Analysis

Table 2. Statistic Descriptive.

Variable	Mean	Median	Observed min	Observed max	Standard Deviation
ARL	63.75	59	20	160	27.128
ROA	0.08	0.056	0.001	0.302	0.075
DER	2.877	0.907	0.17	16.372	3.392
CR	1.321	1.232	0.111	4.908	1.009

Source: Processed Data (2025)

Based on Table 2 above, it shows that the 20 sample companies have varying Audit Report Lags (ARL). The shortest time frame for reporting audit reports is 20 days, while the

longest is 160 days. PT. Bank Negara Indonesia (Persero) Tbk with the code BBNI is the issuer with the fastest time range, and PT. Medco Energi Internasional Tbk (MEDC) is the issuer that contributes the maximum value to the ARL variable. The average ARL of the sample companies is 63.75, which means that the audit process for the sample companies is completed within an average period of +/- 64 days. The median value of the sample data is 59 days, which means that most issuers release their audited financial statements on time. The majority of issuers report their consolidated financial statements faster than the POJK regulation, which is a maximum of 90 days. The standard deviation of 27.128, which is smaller than the average, indicates that the data has fairly high variability and tends to be homogeneous.

The independent variable Profitability, measured by the Return On Asset (ROA) ratio, has an average value of 0.08 or 8%. Most companies' profitability is at a medium to low level, as shown by the median value of 0.056 or 5.6%. The company with the smallest profit is shown at a minimum value of 0.1%, namely PT. Merdeka Copper Gold Tbk (MDKA) for the 2023 period, while the company with the highest profit with a ratio of 30.2% is PT. Unilever Indonesia Tbk (UNVR) for the 2021 period. The ROA standard deviation, which shows a value of 0.075, is smaller than the average value, indicating that ROA variability is very high and the data distribution is very wide.

The independent variable Solvency, measured by the Debt to Equity Ratio (DER), has a minimum value of 0.17, which is the DER ratio of PT. Kalbe Farma Tbk (KLBF), and a maximum value of 16.372, which is the data of PT Bank Tabungan Negara (Persero) Tbk (BBTN). The average DER variable is 2.877 times greater than equity with a median value of 0.907. The DER standard deviation shows a value of 3.392, which is greater than the average. Most of the issuer samples have DER values in the low to moderate range. However, there are several issuers in the banking sector that cause the ratio to skyrocket due to significant differences in the funding structure between issuers, resulting in a non-homogeneous distribution of DER data. The DER level of companies in the banking sector will show a higher value than non-bank companies because the banking sector records customer deposits as debt.

The independent variable of Liquidity, measured by the Current Ratio (CR), has an average value of 1.321, with the smallest liquidity being 0.111, which is the data for PT. Bank Central Asia Tbk (BBCA), and the largest being 4.908, which is PT. Kalbe Farma Tbk (KLBF). The median CR value of 1.232 means that most companies have healthy liquidity because their current assets are 1.2 times their current liabilities. The standard deviation of this variable is 1.009, which indicates considerable variation between companies but is still smaller than the mean, so the data tends not to be heterogeneous.

Multicollinearity Test

Table 3. Collinearity Statistics (VIF).

Variable	VIF
ROA	1.189
DER	1.485
CR	1.485

Source: Processed Data (2025)

Multicollinearity is a statistical test to identify relationships between independent variables. Too strong a relationship can result in biased interpretation of research results. Hair & Alamer (2022) state that a VIF value below 3 indicates no high collinearity, while a VIF value between 3 and 5 indicates that the research variables have collinearity issues. Table 3 above shows VIF values of 1.189 for ROA, 1.485 for DER, and CR, thus concluding that there are no signs of multicollinearity in the research data.

Coefficient of Determination (R^2)

Table 4. R^2 Value.

Variable	R^2	Adjusted R^2
ARL	0.294	0.267

Source: Processed Data (2025)

R^2 represents the ability of independent variables to explain dependent variables. Hair et al. (2022) state that the range of R^2 values is 0 to 1, where values close to 1 indicate that independent variables are more effective in explaining dependent variables. In regression

models with more than one independent variable, the Adjusted R^2 value is used. This value has corrected for bias from independent variables and sample size, so that the estimation of the model's ability to explain the dependent variable is more accurate (Hair et al., 2022). Based on Table 4, the Adjusted R^2 value shows a value of 0.267, which means that ROA, DER, and CR simultaneously explain 26.7% of the variation in Audit Report Lag (ARL).

Effect Size (F²)

Table 5. Effect Size Result.

Variable	ARL
ROA	0.052
DER	0.189
CR	0.043

Source: Processed Data (2025)

Effect size (F^2) explains the magnitude of the contribution of an independent variable in explaining the dependent variable (Hair et al., 2022). In Table 5, the DER variable has the largest contribution of 0.189, followed by the ROA and CR variables at 0.052 and 0.043. This indicates that if the DER variable is removed from the research model, R^2 will be more significantly affected than if the ROA and CR variables are removed.

Predictive Relevance (Q²)

Table 6. Q² Predict Result.

Variable	Q² Predict
ARL	0.254

Source: Processed Data (2025)

Q^2 is obtained using the Blindfolding procedure, which assesses a model's predictive ability. Blindfolding is a prediction test that sequentially removes raw data to be re-estimated and model parameters calculated. These parameters are then used to predict the omitted raw data, and this process is repeated until all data has been omitted and re-estimated (Hair et al., 2019). Table 6 shows a Q^2 value of 25%, which means that the model has a fairly good or moderate ability to predict the ARL variable.
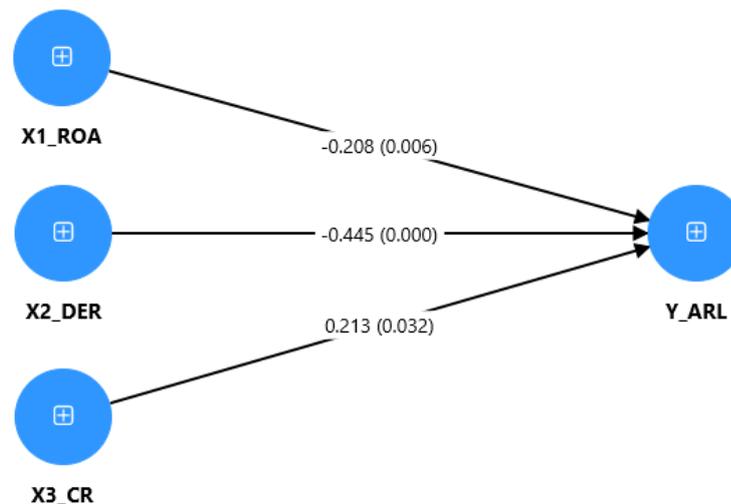
Hypothesis Testing (Bootstrapping)

Figure 2. Bootstrapping Graphic.

Hypothesis testing in this study uses the bootstrapping procedure to test the significance of the effect of each independent variable on the dependent variable with the criterion of significance if the t-statistics value is greater than 1.96 and the p-value is less than 0.05. Table 7 shows that profitability, as measured by ROA, has a negative and significant effect with a coefficient of -0.208, a t-statistic value of 2.763, and a p-value of 0.006. This result meets the significance criteria, so it can be concluded that ROA has a negative and significant effect on Audit Report Lag, which means that the higher the company's profitability, the shorter the

time frame for completing the financial statement audit, so the first hypothesis (H1) is accepted.

Table 7. Bootstrapping Test Result.

Hypothesis	Path coefficients	T-statistics	P-values	Result
H1 = X1_ROA -> Y_ARL	-0.208	2.763	0.006	Significant
H2 = X2_DER -> Y_ARL	-0.445	4.976	0.000	Significant
H3 = X3_CR -> Y_ARL	0.213	2.145	0.032	Significant

Source: Processed Data (2025)

The solvency variable measured by the Debt to Equity Ratio (DER) has the strongest negative effect and significance on ARL, with a path coefficient value of -0.445, a t-statistic value of 4.976, and a p-value of 0.000. These results indicate that DER has a negative and significant effect on Audit Report Lag and is the variable with the strongest influence among the independent variables tested with an F^2 value of 0.189. These findings show that changes in the solvency level of the sample companies significantly affect the length of the audit process, thus accepting the second hypothesis (H2).

The liquidity variable, measured by the Current Ratio (CR), has a significant positive effect on ARL, with path coefficients of 0.213, a t-statistic value of 2.145, and a p-value of 0.032. These results indicate that CR has a positive and significant effect on Audit Report Lag, thus accepting the third hypothesis (H3).

Overall, the bootstrapping test results show that all independent variables, namely profitability, solvency, and liquidity, partially have a significant effect on Audit Report Lag.

Discussion
The Effect of Profitability on ARL
Based on the statistical test results, the first hypothesis test was accepted, proving that profitability has a significant negative effect on Audit Report Lag in companies included in the LQ-45 index for the 2021-2024 period. The negative direction of the hypothesis test results with a coefficient value of -0.208 indicates that the higher the profitability level of LQ-45 companies for the 2021-2024 period, the shorter the time required for the financial statement audit process.

This finding can be explained through the perspective of signal theory, whereby companies with higher profitability tend to submit their audited financial reports more quickly in order to immediately inform interested parties. The research data shows that in 2021, PT. Medco Energi Internasional Tbk (MEDC) had an ROA of 0.011 or 1.1%, and its financial statements were published 160 days after the end of the fiscal year, exceeding the maximum time limit of 90 days set by the OJK. The following year saw an increase in net profit with an ROA of 7.9% in 2022, followed by a shorter audit process of 90 days. After that, the ROA in 2023 and 2024 showed values of 4.6% and 4.8% with the financial statement audit completion process taking 92 days and 87 days, respectively. The results of this study are in line with previous studies conducted by Agustina & Jaeni (2022), Ayuningtyas & Riduwan (2020), Fadrul et al. (2021), which state that the better a company's profit performance, the lower the audit risk.

The Effect of Solvency on ARL
Solvency in this study is measured using the Debt to Equity Ratio (DER), which compares the total liabilities to the total equity owned by the company. Based on the test results, the second hypothesis (H2) is accepted, namely that solvency significantly affects Audit Report Lag. However, the coefficient path shows a negative direction with a coefficient value of -0.445, which means that the higher the liability level of LQ-45 companies for the 2021–2024 period, the shorter the time required for the financial statement audit process.

This finding can be explained by the fact that companies with higher liability levels have the potential to be subject to strict supervision from creditors and other stakeholders. This encourages management to submit the results of the financial statement audit on time in order to fulfill accountability and provide assurance to creditors and other stakeholders. The timely and accurate delivery of information through the submission of financial statement audits can minimize information asymmetry. The results of this study are in line with agency theory and previous research findingswhich state that the higher the total liabilities of a company, the shorter the audit process (Dedewi & Yusuf, 2023; Susanti, 2021).

The Effect of Liquidity on Audit Report Lag

Liquidity in this study is measured using the Current Ratio, which calculates total current assets compared to total current liabilities to determine a company's ability to meet its obligations at maturity through available resources. Based on the test results, the third hypothesis (H3) is accepted, which means that liquidity has a significant effect on Audit Report Lag. The positive direction of the coefficient value shown in Table 7 above indicates that the higher the liquidity of LQ-45 companies for the 2021-2024 period, the longer the audit duration required. This can be explained by the complexity of examining current asset and liability accounts, which tend to have high transaction frequencies and dynamic balances (continuously changing throughout the period). The higher the frequency of financial transactions, the more auditors need to be meticulous and spend more time in the examination process to avoid misinformation that could harm either management or stakeholders. As an illustration, PT Semen Indonesia (Persero) Tbk (SMGR) data for 2023 recorded a Current Ratio of 1.23 with an ARL duration of 68 days. Then in 2024, the duration required to complete the financial statement audit became longer, namely 86 days, in line with an increase in the Current Ratio value to 1.25. This study is in line with previous research findings which state that liquidity has a significant effect on Audit Report Lag (Meo & Paramitalaksmi, 2024; Sulistiani et al., 2022; Tampubolon & Siagian, 2020).

The Effect of Profitability, Solvency, and Liquidity on Audit Report Lag

Together, the variables of Profitability, Solvency, and Liquidity of LQ-45 companies for the period 2021–2024 were proven to have a significant effect on Audit Report Lag, thus accepting the fourth hypothesis (H4). The Adjusted R^2 value of 0.267 indicates that the three independent variables are able to explain +/-26.7% of the variation in Audit Report Lag, while the rest is influenced by other factors outside this research model.

The contribution of each independent variable presented in Table F^2 shows that the Solvency variable has the largest contribution in explaining Audit Report Lag, namely 0.189, followed by the Profitability and Liquidity variables. In addition, the results of the Q_2 predictive test of the three variables, namely Profitability, Solvency, and Liquidity, can be said to have a fairly good ability to predict Audit Report Lag, which is 25%. Meanwhile, the Q^2 predictive value of 0.254 also shows that the model has sufficient (moderate) predictive ability in predicting Audit Report Lag.

Overall, the results of this study reveal that a company's financial condition has an influence on the duration of the financial statement audit process. Stable and healthy financial conditions, such as those found in the research sample, namely LQ-45 companies for the 2021-2024 period, can facilitate the auditor in the data collection and verification process, thereby shortening the audit duration. Conversely, companies with less stable financial conditions tend to require a longer audit process due to greater complexity and audit risk.

5. Conclusion

The purpose of this study is to analyze the effect of financial ratios, including profitability, solvency, and liquidity, on Audit Report Lag (ARL) in companies that were consecutively included in the LQ-45 index during the period of 2021-2024. The results of this study indicate that all independent variables have a significant effect on the dependent variable. Profitability, proxied by Return on Assets (ROA), and solvency, proxied by Debt to Equity Ratio (DER), have a significant negative effect on Audit Report Lag. Meanwhile, liquidity, proxied by Current Ratio, has a significant positive effect on Audit Report Lag. The variables of profitability, solvency, and liquidity are able to explain Audit Report Lag, and the model has fairly good predictive power.

The results of this study support agency theory and signaling theory, which confirm that a company's financial condition can affect the length of the financial statement audit process. Companies with high profitability and solvency tend to shorten the time required for audits due to the urgency of conveying information to the public and stakeholders as quickly as possible in order to maintain accountability and trust. Meanwhile, high liquidity can prolong the audit process due to the complexity of examining current asset and liability accounts.

This study is expected to contribute to the development of literature on factors affecting Audit Report Lag in LQ-45 companies for the period 2021-2024. It is hoped that the results of this study can be used as consideration for company management in improving the efficiency of financial report delivery.

The research is limited to the independent variables of profitability, solvency, and liquidity, and there are still other factors that influence Audit Report Lag as shown in the R^2

test results. In addition, the observed data is limited to companies included in the LQ-45 index in the 2021-2024 period, so the generalization of the research results is still limited. Further research is recommended to add other variables such as company size, operational complexity, and audit quality in order to expand the scope of the research by adding more years to the observation period.

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