ABSTRACT

This study aims to examine the effect of audit tenure, auditor switching, and financial distress on audit report lag. The dependent variable in this study is audit report lag and independent variables in this study are audit tenure, auditor switching, and financial distress. Audit tenure is measured by the number of years of engagement between auditors from the same KAP conducting audit engagements to auditees. Auditor switching is measured by a dummy variable. Financial distress is measured by the Altman Z-Score method. Audit report lag is measured by the number of days between the book closing date and the audit report signature date.

This research is a quantitative research. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange from 2018 to 2021. Sampling used a purposive sampling technique. The number of samples used was 508 (five hundred and eight). The data collection method in this study is documentation. The data analysis technique used in this study is descriptive statistics, classic assumption test, hypothesis test using SPSS version 26.

The results of this study indicate that partially (1) audit tenure has a negative and significant effect on audit report lag, which means that the shorter audit tenure, the longer audit report lag. (2) Auditor switching has a positive and significant effect, which means that companies that frequently switching auditors lead to longer audit report lag. (3) Financial distress has a positive and significant effect which indicates that the increased financial distress, the longer the audit report lag. Then simultaneously audit tenure, auditor switching, and financial distress both have an effect on audit report lag.

Keywords: Audit report lag, audit tenure, auditor switching, financial distress