

ABSTRACT

Key Audit Matters (KAM) are matters that according to auditor's professional judgement are the most significant matters in the audit of financial statements for the current period. This research aims to analyze the differences in audit report lag and audit fees in the year before and after implementing KAM communication in the independent auditor's report.

This research uses secondary data from the company's annual report and independent auditor's report which is accessed via the company's official website or Indonesian Stock Exchange. The population of this research is all companies going public in Indonesian Stock Exchange 2021-2022. The research sample was determined using a purposive sampling method and obtained a sample of 483 companies with 966 observation data (2021-2022). Hypothesis testing uses Wilcoxon Signed Rank Test.

The research results show that there is a difference in the audit report lag in the year before and after the KAM communication, with the audit report lag being longer in the year before the implementation of the KAM communication. This could be due to the effects of the COVID-19 pandemic, where the OJK provided one month's leeway for submitting audited financial reports for publicly traded companies. Difference was also found in audit fee with larger audit fee in the year after implementing HAU communication.

Keyword: Key Audit Matters (KAM), audit report lag, audit fee.