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Firm Size, Profitability, and Audit Report Lag: The Moderating Role of the Audit Committee

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ABSTRACT:
This study examines the impact of firm size and profitability on audit report lag, with the audit committee serving as a moderating variable. The research focuses on non-primary consumer goods companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Using purposive sampling, a total of 124 observations were collected as the study sample. Secondary data were obtained from the official IDX website, and analysis was performed using a quantitative approach, including descriptive statistics, classical assumption testing, and hypothesis testing through SPSS Version 25. The findings reveal that firm size has a positive effect on audit report lag, while profitability exerts a negative effect. Moreover, the audit committee moderates the relationship between profitability and audit report lag but does not moderate the effect of firm size. These results highlight the critical role of the audit committee in mitigating audit delays associated with profitability while suggesting that the complexities of larger firms require additional mechanisms beyond committee oversight.

Keywords: company size, profitability, audit report lag, audit committee

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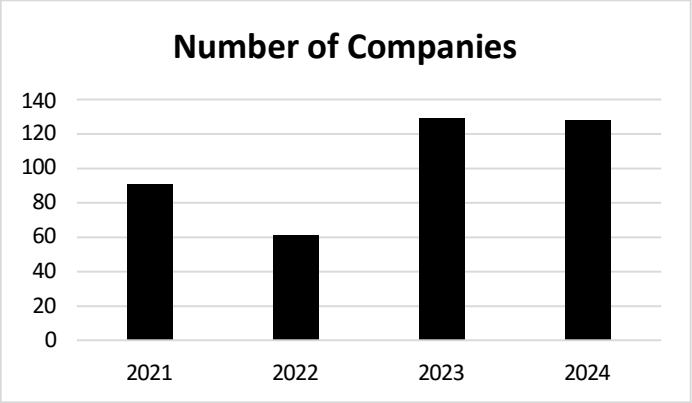
1. INTRODUCTION

The audit of financial statements constitutes a vital element of corporate reporting; however, its implementation is often hindered by internal and external challenges, such as information asymmetry, which significantly affects investor confidence. These challenges frequently result in audit report lag, defined as the period between the fiscal year-end and the issuance of audited financial statements, serving as an indicator of the timeliness and reliability of corporate reporting (Wati et al., 2024). Timely financial reporting is essential for ensuring information relevance and decision usefulness for users of financial statements (Manalu et al., 2023).

In Indonesia, timeliness requirements are regulated through Bursa Regulation No. I-E (2022), mandating that listed companies submit the financial statement must be issued on or before three months after the fiscal year-end. Non-compliance results in staged administrative sanctions and may lead to trading suspension in accordance with Bursa Regulation No. I-H (2004). Despite these regulatory provisions, delays remain prevalent. Based on the official announcement of "Sanksi atas Penyampaian Laporan Keuangan Auditan Tahunan," 129 issuers failed to submit their 2023 audited reports on time, with 53 companies receiving suspensions and 29 originating from the non-primary consumer goods sector. Notably, 14 companies in this sector including PT Sepatu Bata Tbk (BATA), PT. Anugerah Kagum Karya Utama Tbk (AKKU), and PT Garuda Metalindo Tbk (BOLT) were subject to prolonged suspensions. This indicates a persistent structural problem, despite Indonesia's economic growth of 5.05% in 2024 (bps.go.id, 2025).

Figure 1.1 Dynamics of Companies Experiencing Delays in Audited Financial Reporting (2021–2024)



The persistence of audit report lag generates material consequences. Delayed audited reports reduce information relevance and impair market efficiency (Abdillah et al., 2019), while prolonged uncertainty can trigger speculative behavior that destabilizes the market (R & Nelvirita, 2023). Such consequences underscore the need to re-examine internal determinants of audit report lag, particularly within the non-primary consumer goods sector, which consistently records the highest incidence of delayed reporting during 2021–2024.

Firm size is one internal attribute widely associated with reporting timeliness, reflecting the scale of operations through total assets, among other indicators, volume of sales, and the total employees (Agustina et al., 2022). Empirical findings on its relationship with audit report lag, however, continue to be inconclusive. Some studies document an inverse relationship, suggesting that larger firms exert pressure on auditors to accelerate audit completion (Fujianti et al., 2020; Meirawati et al., 2022). Others report positive associations or no significant effect, indicating that firm size does not consistently reduce audit delays (Chrystalia et al., 2024; Endri et al., 2023).

Profitability, reflecting the firm's ability to generate earnings using its resources (Abdillah et al., 2019), is another key determinant frequently examined. Several studies find that higher profitability appears to be linked to due to the incentive to promptly disclose favorable information (Abdillah et al., 2019; Azhar et al., 2023). Conversely, other findings reveal a positive or insignificant relationship (Silalahi et al., 2020; Machmuddah et al., 2020), further highlighting inconsistencies in the literature.

Given the persistent regulatory non-compliance, the economic significance of the non- primary consumer goods sector, and the inconsistency of prior research, further examination is warranted. This study therefore investigates how firm size and profitability impact audit report lag within the sector, offering empirical evidence to enrich the mixed literature and providing insights for regulators, auditors, and corporate management to strengthen reporting timeliness.

2. LITERATURE REVIEW

2.1 Signaling Theory

As formulated by Spence (1973), signaling theory, illustrates how firms transmit information signals to external stakeholders to overcome information asymmetry and communicate their underlying conditions and performance prospects. In the financial reporting context, timely disclosure acts as a credible signal of transparency and governance quality, shaping investor perceptions and influencing decision-making (Machmuddah et al., 2020). Promptly issued financial statements are generally interpreted as positive signals that enhance investor confidence, whereas delayed reporting is viewed as a negative signal that may indicate operational inefficiencies, internal issues, or elevated audit risk (Yendrawati et al., 2018). Accordingly, signaling theory provides a relevant theoretical basis for understanding how reporting timeliness including audit report lag affects market responses and stakeholder evaluation.

2.2 Audit Report Lag

The interval from the close of the fiscal year to the publication of audited financial statements is known as audit report lag (Manalu et al., 2023; Wati et al., 2024). Since DeAngelo's seminal work in 1981, research has identified that audit delay is influenced by firm-specific characteristics, corporate governance structures, auditor characteristics, and audit complexity (Endri et al., 2023). Firms with strong internal controls and effective governance mechanisms tend to experience shorter audit delays because auditors can perform procedures more efficiently (Pratama, 2023). In contrast, late reporting diminishes the relevance of financial information, imposes regulatory penalties, and may trigger negative market reactions (Jannah et al., 2024). Thus, audit report lag is widely regarded as an important measure of reporting quality, timeliness, and audit process effectiveness.

2.3 Firm Size

An organization's scale, or firm size, can be measured using metrics such as overall assets, sales revenue, total employees, and the market value of equity (Adang & Wijoyo, 2023). Larger firms generally have better information systems, more stable operational structures, and greater capacity to provide complete and accurate financial information to auditors (Lekok & Rusly, 2020). From an investor's perspective, firm size serves as a key indicator of operational capability and financial stability, influencing capital allocation decisions (R & Nelvirita, 2023). Firms with substantial assets typically possess stronger internal control systems and supervisory mechanisms, enabling a more efficient audit process and reducing audit report lag (Sudjono & Setiawan, 2022). Total assets are widely used as the most reliable and stable proxy for firm size in academic research due to their consistency and representativeness across industries (Wirayudha et al., 2022).

2.4 Profitability

Profitability serves as an indicator of the firms's capacity to generate earnings using its available resources and operational efficiency (Abdillah et al., 2019). Subsequently, profitability can indicate strong financial performance (Uzliawati, 2025). Spesifically, high profitability indicates strong managerial performance, company performance, effective decision-making, and robust financial health, making profitability a crucial metric for investors when assessing firm value and market prospects (Adang & Wijoyo, 2023; (Uzliawati et al., 2023). Firms with higher profitability generally have incentives to disclose financial statements more promptly to signal strong performance and maintain a favorable market reputation, often resulting in shorter audit report lag (Fujianti et al., 2019; Manalu et al., 2023). Conversely, firms with low profitability or losses may experience longer audit delays due to increased audit scrutiny and the tendency to postpone the disclosure of unfavorable information (Endri et al., 2023; Abdillah et al., 2019). The profitability of a firm is typically measured by ratios such as ROA and ROE, reflecting how effectively the organization utilizes its resources.

2.5 Audit Committee

The audit committee is a key corporate oversight mechanism established to assist the board of commissioners in overseeing financial reporting integrity, internal control effectiveness, and external audit quality (Pratiwi & Putri, 2023). Futhermore, the audit committee plays a role in providing deeper knowledge and understanding of financial reporting and other information issued by the company (Uzliawati et al., 2015). Audit committee effectiveness is strongly influenced by factors such as member independence, expertise in accounting and finance, and the regularity of meetings conducted to oversee the financial reporting process (Marfuah & Anwar, 2020). A competent and active audit committee strengthens oversight, minimizes information asymmetry, and ensures that the audit process proceeds efficiently and in compliance with applicable standards (OJK, 2015). In many cases, a strong audit committee can expedite the completion of audits by facilitating communication between management and auditors, thereby reducing audit report lag and sending a positive governance signal to the market (Saputra et al., 2021).

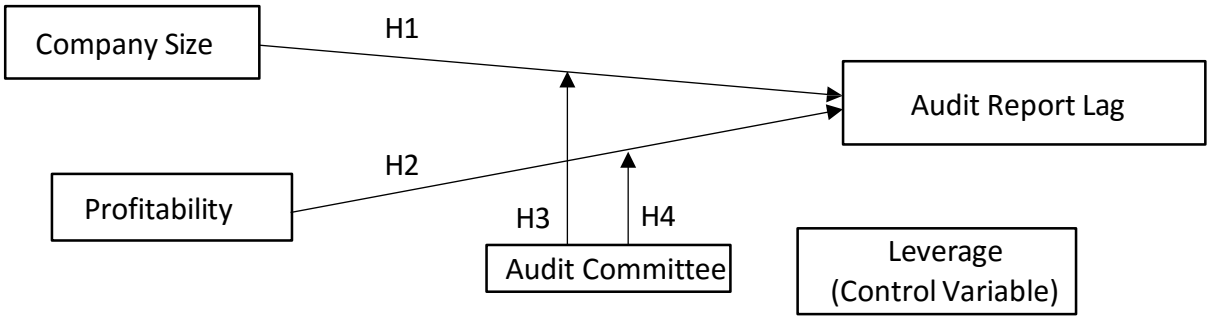
2.6 Leverage

Leverage reflects the degree through which a firm relies on debt financing and indicates its financial risk profile and long term solvency position (Puspitasari & Sari, 2021). Firms with high leverage face greater monitoring from creditors, which increases the demand for transparent and credible financial reporting (Wijaya & Utama, 2020). From an agency theory perspective, leverage acts as an external disciplinary mechanism that constrains managerial opportunism but may also increase audit complexity due to heightened verification requirements

(Jensen & Meckling, 1976; Firmansyah et al., 2022). High-leverage firms often experience longer audit report lag because auditors must perform more extensive procedures to assess going concern risks and debt covenant compliance (Endri et al., 2023). Leverage is typically measured using ratios such as debt-to-assets or debt-to-equity, which reflect the firm's capital structure and risk exposure (Astuti, 2020).

3. CONCEPTUAL FRAMEWORK AND HYPOTHESES

This study constructs a conceptual framework by integrating relevant theoretical perspectives with empirical findings from prior research to clarify the relationships among the study variables. The framework serves as a structured basis for analyzing how firm size and profitability relate to audit report lag, while considering the audit committee as a moderating factor.



4. METHODOLOGY

This research employed a quantitative methodology based on secondary sources to analyze the relationships among firm size, profitability, and audit report lag, while also considering the audit committee as a moderating variable. A quantitative design is employed as it facilitates objective measurement and statistical testing of empirical relationships, enabling the evaluation of both the magnitude and direction of associations through numerical analysis. Data from the selected companies were processed using SPSS to ensure analytical accuracy, transparency, and replicability.

The analysis began with descriptive statistics to summarize the characteristics of the dataset, followed by classical assumption testing to assess the robustness of the regression model. Normality was assessed using the One-Sample Kolmogorov–Smirnov test, multicollinearity was examined through tolerance and VIF values, and heteroskedasticity was evaluated using the Glejser method. The Durbin–Watson statistic is employed to identify potential autocorrelation, which is especially relevant considering the multi-year structure of the financial data. These diagnostic tests ensured that the dataset met the required statistical assumptions before proceeding to hypothesis testing. To test the relationships proposed in the model, the study employed Moderated Regression Analysis (MRA). This approach enabled the researcher to examine whether the audit committee moderated the interaction between firm size, profitability, and audit report lag. Model adequacy was assessed using the coefficient of determination (R^2) and the The overall fit of the regression model was evaluated through the F-test, which measures its collective significance and explanatory performance. These analytical procedures provided a robust framework for examining the direct and moderating effects within the study.

5. RESULT AND DISCUSSION

5.1 Data Analysis Result

5.1.1 Descriptive Statistical Analysis

Table 5.1 Descriptive Statistics Results

Descriptive Statistics					
Variable	**N**	**Minimum**	**Maximum**	**Mean**	**Standar Deviation**
Company Size	124	25,035	31,221	28,84606	1,417236
Profitability	124	,001	,241	,06277	,050275
Audit Committee	124	0	12	4,98	1,908
Leverage	124	,033	190,307	2,37819	17,099589
Audit Report Lag	124	48	164	86,67	14,607
Valid N (*Listwise*)	124				

This study analyzes 124 firm-year observations from companies non-primary consumer goods sector registered on the Indonesia Stock Exchange during the 2021–2024 period. Descriptive statistics indicate that firm size and profitability exhibit relatively low dispersion, with mean values of 28.846 and 0.063, respectively, suggesting a homogeneous distribution across the sample firms.

The audit committee variable records an average of 4.98 meetings per year, reflecting relatively consistent governance practices. In contrast, leverage exhibits considerable variation, showing an average of 2.378 and a relatively high standard deviation of 17.100, indicating heterogeneity in capital structures. Audit report lag averages 86.67 days, implying that most firms issue audited financial statements close to the regulatory deadline.

5.1.2 Classical Assumption Tests

a. Normality Test

Table 5.2 Normality Test Results (Asymptotic Method)

		Unstandardized Residual
N		124
Normal Parameters	Mean	,000000
	Std. Deviation	13,32889037
Most Extreme Differences	Absolute	,119
	Positive	,119
	Negative	-,107
Test Statistic		,119
Asymp. Sig. (2-tailed)		,000
a. Test Distribution is Normal		
b. Calculated from data		
c. Liliefors Significance Correction		

Based on the results presented, the normality test was conducted using the One-Sample Kolmogorov–Smirnov test with asymptotic, Monte Carlo, and exact methods. All approaches produce consistent significance values of 0.000, which are below the 0.05 threshold, indicating that the data are not normally distributed.

Nevertheless, this violation does not represent a methodological concern. Zygmont (2023) argues that for sample

sizes exceeding 100 observations, deviations from normality do not invalidate statistical inference. The Central Limit Theorem further explains that as sample size increases, the sampling distribution of the mean moves closer to a normal distribution, even if the source data are not normally distributed (Ernst & Albers, 2017). Furthermore, outlier removal was not applied to avoid potential distortions in skewness and kurtosis, which may bias estimates of central tendency and dispersion (Zygmont, 2023). Therefore, the analysis can be appropriately continued despite the non-normal distribution of the data.

b. Multicollinearity Test

Table 5.3 Results of the Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Company Size	0,975	1,025
Profitability	0,905	1,105
Audit Committee	0,935	1,069
Leverage	0,978	1,022

The multicollinearity test results indicate that all independent variables firm size, profitability, audit committee, and leverage are within acceptable limits, the model exhibits no multicollinearity problems, evidenced by tolerance values above 0.10 and VIF values under 10.

c. Heteroscedasticity Test

Table 5.4 Heteroscedasticity Test Results

Variable	Sig
Company Size	0,242
Profitability	0,522
Audit Committee	0,228
Leverage	0,752

The heteroscedasticity test indicates that all independent and control variables are within acceptable significance levels, which implies the absence of heteroskedasticity within this analytical framework.

d. Autocorrelation Test

Table 5.5 Autocorrelation Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	,409	,167	,139	13,551	1,895
a. Dependent Variable: Audit Report Lag					
b. Predictors: (Constant), Leverage, Company Size, Audit Committee, Profitability					

The table presents a Durbin–Watson (DW) statistic of 1.895. According to the autocorrelation criteria, the value should fall between dU and 4 – dU, where 1.7739 < DW < 2.2261. Since the DW value of 1.895 lies within the acceptable range, it indicates indicating the absence of autocorrelation, either positive or negative, in the model.

5.1.3 Model Fit Test

a. Coefficient of Determination (R^2) Test

Table 5.6 Determination Coefficient Test Results (R^2)

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0,409	0,167	0,139	13,551
a. Predictors: (Constant), Leverage, Company Size, Audit Committee, Profitability				
b. Dependent Variable: Audit Report Lag				

With an adjusted R^2 of 0.139, it can be inferred that 13.9% of the differences in audit report lag are explained by firm size, profitability, the audit committee, and leverage, while 86.1% are due to other variables not investigated in this research.

b. Simultaneous Test (F-Test)

Table 5.7 Simultaneous Test Results

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	4391,347	4	1097,837	5,9787	0,000[b]
	Residual	21852,096	119	183,631		
	Total	26243,444	123			
a. Dependent Variable: Audit Report Lag						
b. Predictors: (Constant), Leverage, Company Size, Audit Committee, Profitability						

The analysis in Table 4.11 indicates an F value of 5.9787. Since this exceeds the F-table value of 2.45 and the significance is below 0.05, it can be concluded that the set of independent variables, including firm size, profitability, audit committee (moderator), and leverage (control), simultaneously influence audit report lag in a statistically meaningful way.

5.1.4 Hypothesis Test

a. Partial Test (t-Test)

Table 5.8 Partial Test (t-Test) Results

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig**
		B	**Std. Error**	**Beta**		
1	(Constant)	-61,085	61,826		-0,988	0,325
	Company Size	5,626	2,208	0,567	2,548	0,012
	Profitability	-159,338	77,659	-0,548	-2,052	0,042
	Audit Committee	46,313	11,798	6,501	3,926	0,000
	CS*AC	-1,682	0,422	-6,307	-3,981	0,000
	PROF*AC	20,132	13,046	0,480	1,543	0,126
	Leverage	-0,168	0,069	-0,196	-2,432	0,017
a. Dependent Variable: Audit Report Lag						

The partial influence of the independent variables on audit report lag was examined through a t-test. The calculated t-values were compared with the critical threshold of 1.980 at a 5% significance level ($\alpha = 0.05$) and 119 degrees of freedom. The findings for each variable are outlined below.

1. Firm size shows a positive t-statistic of 2.548 (p = 0.012), contrary to the first hypothesis, which expected a negative influence on audit report lag. Therefore, the first hypothesis is rejected.
2. The negative t-statistic of -2.052 (p = 0.042) for profitability supports the second hypothesis, indicating that firms with higher profitability tend to complete audits faster.
3. A t-statistic of -3.981 (p = 0.000) for the interaction between firm size and the audit committee reveals a significant negative moderating effect, confirming the third hypothesis.
4. The interaction of profitability and the audit committee produces a t-statistic of 1.543 (p = 0.126), which is not significant, leading to the rejection of the fourth hypothesis.

b. Multiple Linear Regression Analysis

Table 5.9 Results of Multiple Linear Regression Analysis

Variabel	B
(Constant)	166,117
Company Size	-2,587
Profitability	-50,955
Audit Committee	-0,244
Leverage	-0,171

ARL = α ± β1CS ± β2PROF ± β3AC ± β4LEV ± e

ARL = 166,117 - 2,587CS - 50,955PROF - 0,244AC - 0,171LEV + e

1. The regression constant is 166.117, suggesting that when firm size, profitability, audit committee, and leverage are held at zero, the predicted audit report lag would be 166.117.
2. The coefficient for firm size is -2.587, indicating that a 1% increase in firm size corresponds to a reduction of 2.587 units in audit report lag.
3. Profitability exhibits a coefficient of -50.955, implying that a 1% rise in profitability is associated with a decrease of 50.955 units in audit report lag.
4. The audit committee variable has a coefficient of -0.244, meaning that an increment of 1% in the audit committee score is linked to a reduction of 0.244 units in audit report lag.
5. Leverage has a coefficient of -0.171, showing that a 1% increase in leverage leads to a decrease of 0.171 units in audit report lag.

c. Moderated Regression Analysis (MRA)

Table 5.10 Results of the Moderated Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	-61,085	61,826		-0,988	0,325
	Company Size	5,626	2,208	0,567	2,548	0,012
	Profitability	-159,338	77,659	-0,548	-2,052	0,042
	Audit Committee	46,313	11,798	6,501	3,926	0,000
	CS*AC	-1,682	0,422	-6,307	-3,981	0,000
	PROF*AC	20,132	13,046	0,480	1,543	0,126
	Leverage	-0,168	0,069	-0,196	-2,432	0,017
a. Dependent Variable: Audit Report Lag						

ARL = α ± β1CS ± β2PROF ± β1LN_TA × AC ± β2PROF × AC ± β3AC ± β4LEV ± e ARL = - 61,085 + 5,626 -159,338 + 46,313 - 1,682 + 20,132 - 0,168

1. The regression constant is -61.085, indicating that if firm size, profitability, and leverage remain unchanged and the moderating effect of the audit committee is not considered, the predicted audit report lag is approximately 61.085%.
2. Firm size shows a coefficient of 5.626, implying that each unit increase in firm size corresponds to an increase of 5.626 in audit report lag. This suggests that larger companies generally require more time to finalize their audit reports.
3. The coefficient for profitability is -159.338, reflecting that a 1% rise in profitability is linked to a reduction of 159.338 in audit report lag. This indicates that highly profitable firms tend to complete audits more quickly.
4. The audit committee variable has a coefficient of 46.313, indicating that a one-unit increase in the audit committee score is associated with an increase of 46.313 in audit report lag. This suggests that audit committee activities contribute to the duration of audit completion.
5. The interaction between firm size and the audit committee yields a coefficient of -1.682, showing that the moderating influence of the audit committee reduces the impact of firm size on audit report lag by 1.682.
6. For the interaction between profitability and the audit committee, the coefficient is 20.132, suggesting that the moderating role of the audit committee strengthens the relationship between profitability and audit report lag by 20.132.

5.2 Discussion

5.2.1. The Effect of Company Size on Audit Report Lag

Analysis of the partial effect indicates that firm size significantly impacts audit report lag, supported by a t-statistic of 2.548, which surpasses the critical t-value of 1.980, with $p = 0.012$ (< 0.05). A positive-valued regression coefficient of 5.626 suggests that larger firms require more time to complete the audit. Thus, the first hypothesis predicting a negative effect is rejected.

Company size is measured using the natural logarithm of total assets. Descriptive statistics show considerable variation in assets among non-primary consumer goods companies, with a maximum value of 31.221 and a minimum of 25.035. The average of 28.84606 reflects a relatively large asset structure, which is necessary to support production and distribution capacity. This complexity contributes to increased transaction volume, business unit diversity, and the scope of auditor examination, which ultimately prolongs the audit duration.

This result contradicts signaling theory, which states that large companies should be able to complete audits more quickly due to market pressure, strong internal controls, and the desire to send positive signals to investors. However, empirical findings show that operational complexity is more dominant than signaling motivation. The results of this study are consistent with Chrystalia et al. (2024) and Sasvinorita and Meini (2023), but differ from Manalu et al. (2023) and Endri et al. (2023), who found a negative or insignificant effect.

5.2.2 The Effect of Profitability on Audit Report Lag

Analysis of the partial test shows that profitability has a statistically significant negative influence on audit report lag. This is supported by a t-value of -2.052, exceeding the critical t-value of 1.980 and a p-value of 0.042 ($p < 0.05$). This finding supports the second hypothesis, suggesting that firms with higher profitability tend to complete audits more quickly.

Descriptive data shows contrasting financial performance: PT Matahari Department Store Tbk recorded the highest profitability (0.241) with an audit duration of 48 days, while PT MD Pictures Tbk recorded the lowest profitability (0.001) with an audit duration of 86 days. The mean profitability of 0.06277 suggests that the sampled companies exhibit a moderate capacity to generate profits.

According to signaling theory, firms exhibiting high profits have a strong incentive to disseminate positive information, which aligns with the observed results showing that highly profitable companies expedite the release of their financial reports. Better internal control systems and market pressure on high-performing companies also shorten the audit process. The results in accordance with the findings of Endri et al. (2023), Manalu et al. (2023), and Fujianti (2019), but differ from those reported by Putri and Pujianto (2023) and Silalahi and Malau (2020).

5.2.3. The Role of Audit Committees in Moderating the Influence of Company Size on Audit Report Lag

The moderation analysis indicates that audit committees effectively play a moderating role in the association between firm size and audit report lag. The interaction term demonstrates a significant effect, thereby supporting the third hypothesis. This suggests that audit committee involvement can mitigate the adverse impact of organizational complexity in larger firms on audit duration.

Large firms typically operate across a broad range of activities and engage in complex transactions, which can result in longer audit report lag. Nevertheless, the audit committee, through frequent meetings, oversight of procedural adherence, and effective coordination with external auditors, contributes to expediting the audit process. Thus, audit committees function as a governance mechanism that can maintain financial reporting discipline despite the large and complex structure of companies.

These findings align with governance theory, which emphasizes the role of audit committees in minimizing the risk of reporting delays in large firms. The results also corroborate previous research demonstrating that audit committees can mitigate the risk of audit delays in companies with extensive operations.

5.2.4. The Role of the Audit Committee in Moderating the Influence of Profitability on Audit Report Lag

Analysis of the interaction between profitability and the audit committee indicates no significant effect on audit report lag. This is supported by a t-value of -1.543, which falls below the critical threshold of 1.980, and a p-value of 0.124 ($p > 0.05$). Consequently, the fourth hypothesis is not supported.

The analysis suggests that the frequency of audit committee meetings does not significantly influence the relationship between profitability and audit report lag. Even though companies have high profitability levels, the performance of audit committees in accelerating the audit procedures is not empirically reflected. The oversight mechanisms carried out by the audit committee including encouraging timely reporting, reviewing internal controls, and communicating with external auditors are not directly related to the company's profitability level. Thus, both high- and low-profit companies show audit report lag patterns that are relatively unaffected by audit committee activities.

Theoretically, these results indicate that audit committees do not play a role in strengthening the transmission of positive signals through accelerated financial reporting in highly profitable companies. These findings are consistent with Nurwidayanti et al. (2024), but differ from Tampubolon and Siagian (2020), who found that audit committees act as moderators in this relationship.

6. CONSLUSION

Based on the results of research on non-primary consumer goods companies in the 2021– 2024 period, it was found that company size and profitability have different effects on audit report lag. Company Size provides a positive impact on the duration required to finalize an audit, meaning that companies with larger total assets tend to require longer audit times. The complexity of operations, high transaction volumes, and extensive scope of examination are factors that prolong the audit implementation process. These findings led to the rejection of the hypothesis predicting a negative effect of company size.

Conversely, profitability shows an inverse relationship with audit report lag. This implies that companies with enhanced profitability are inclined to expedite the audit process. Profitable conditions encourage companies to convey positive information to investors and other stakeholders, thereby accelerating the auditor's examination process. This mechanism is consistent with signaling theory perspective that companies which perform well have an incentive to accelerate the publication of financial reports.

Regarding moderating variables, This study shows that audit committees only moderate how company size affects audit report lag, but they do not significantly influence how profitability impacts audit report lag. Through frequent meetings and effective oversight, the audit committee can help reduce audit delays in large companies with complex operations. However, the intensity of audit committee meetings does not contribute significantly to strengthening the influence of profitability on the timeliness of audit completion, so that the audit committee does not function as a moderator in the context of companies that are currently profitable.

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