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The Effects of Liquidity, Profitability, Solvency, Company Size, and Managerial Ownership on Audit Report Lag
(Empirical Study of Non-Financial Companies on the IDX in 2019-2021)

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Abstract: Audit Report Lag is the length of time between the date of presentation of the financial statements and the date of issue of the audit report . This study aims to analyze the effect of liquidity, profitability, solvency, company size , and managerial ownership on audit report lag in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The sampling technique used in this study was purposive sampling. A total of 312 companies have met the criteria as a unit of observation. The analytical method used is multiple linear regression analysis. The results of this study provide empirical evidence that liquidity, solvency and managerial ownership affect audit report lag. While profitability and company size have no effect on audit report lag.
Keywords: Liquidity , Profitability, Solvability, Managerial Ownership Company Size, and Audit Report Lag.

1. Introduction

The increasing growth of companies that have gone public in Indonesia has led to higher demand for the services of independent auditors to provide credibility to financial statements which will play an important role as a measurement and assessment process for stakeholders in describing company performance as a step for decision making for investors. Public companies listed on the Indonesia Stock Exchange (IDX) are required to publish financial reports prepared in accordance with Financial Accounting Standards that have been audited by a public accountant. Listed companies are required to submit reports, information and responses to requests for clarification requested by the Exchange as referred to in the Decree of the Board of Directors of the Indonesia Stock Exchange number 00015/BEI/01-2021 concerning the obligation to submit information through an electronic reporting system. Submission of these financial reports must be made using the Extensible Business Reporting Language (XBRL) format.

The deadline for submitting annual audited financial reports is based on the Decree of the Board of Directors of the Indonesia Stock Exchange Number Kep-00015/BEI/01-2021, which is no later than the end of the third month after the date of the annual audited financial statements (BEI, 2021). Public entities that exceed the deadline for submitting financial reports will be penalized by the stock exchange. Sanctions for public entities in the form of written warnings, fines, and temporary suspension of securities trading (suspension) on the stock exchange in accordance with the length of time of delay based on the Decree of the Board of Directors of the Jakarta Stock Exchange Number: Kep-307/BEJ/07-2004 (BEI, 2004). Report financial or information provided must be delivered quickly, precisely, accurately and support the sustainability of a company. Credible financial reports must have financial report specifications that are relevant, can be tested for reliability, and can be compared and easily understood (PSAK No 1: 2021). In these characteristics, financial reports can be said to function properly if the information is presented in a relevant manner with due regard to timeliness.

Examination of financial reports by independent auditors aims to assess the fairness of the presentation of financial statements. Based on the Professional Standards for Public Accountants (SPAP) issued by IAPI (2021) audits carried out by auditors can be said to be of high quality if they meet auditing requirements or standards. Auditing standards include professional quality , independent auditors, judgments used in conducting audits and preparing audit reports. The number of transactions that must be audited is poor internal control and the complexity of transactions that causes audit report lag. Delays in auditing a financial report are far from the predetermined time limit will result in fines and adverse impact on the company itself. Issuers or public companies have tried to publish their annual reports less than the specified deadline in an effort to avoid the stipulated sanctions. However, in reality companies experience different conditions so that in publishing their annual reports there are still many companies that have not published their financial reports in accordance with a predetermined time limit.

Based on the announcement made by the IDX in 2020 , the IDX noted that as of 31 December 2019 there were 42 companies that had not disclosed their annual financial reports. In 2021, the IDX also noted that as many as 88 companies had not disclosed their annual financial statements as of December 31, 2020. In 2022, the IDX also noted that as of December 31, 2021, there were 68 companies that had not disclosed their annual financial reports (www.idx.co. id). This case shows that there are still many companies that are late in submitting their financial reports.

This research is a development of Satiadharma's research (2022) . The first novelty of this research is the addition of one independent variable, namely managerial ownership. The reason for adding the managerial ownership variable is because a large percentage of managerial share ownership will encourage management to carry out its functions properly so that it is expected to reduce *audit report lag* . The second novelty, this study expands the scope of observation on the classification of companies based on IDX-IC 2021, namely non-financial companies listed on the Indonesia Stock Exchange for the period 2019 to 2021.

2. Literature Review andhypothesis

2.1 Agency Theory

Agency theory explains the existence of information asymmetry, namely between the manager as the agent and the owner as the principal where the condition of the principal as the owner does not have sufficient information about the agent's performance when carrying out and making decisions so that he does not know how the agent's efforts contribute to the company's actual results. Compared to the principal, the agent is indirectly related to the company's process to obtain more information. This is because the principal does not know information about the company's performance directly but through agents. capable of causing a lengthy process of completing the audit examination, causing the company to be late in submitting financial reports to the stock exchange, (Saragih, 2018).

2.2 Signal Theory

Signaling theory is an attempt to provide signals related to information about the condition of the company that is given by the company's internal parties to external parties, namely the public or parties who need information about the condition of the company. A signal is an action taken by a company to provide guidance to investors about how the company's prospects are in the future. According to signal theory, the delivery of financial reports is important information that can have an impact on decisions made by the company's external stakeholders. The longer the audit report lag allows the public to receive negative signals or bad news, because financial reports lose their relevance and benefit in making decisions which will have an impact on decreasing the company's stock price due to the delay.

2.3 Financial statements

Financial statements are a structured presentation of the financial position and financial performance of an entity. PSAK No. 1 (2021: 2) . Prihadi (2019: 8) financial reports are the result of recording all financial transactions in the company. Financial transactions are all kinds of activities that can affect the company's financial condition, such as sales and purchases. There are five main types of financial reports, namely consisting of; income statement, statement of financial position, statement of changes in equity, statement of cash flows, and notes to financial statements.

2.4 Auditing

Auditing is a critical and methodical review of financial statements prepared by management along with accounting records and supporting documentation, which is carried out by independent parties with the aim of being able to provide an opinion on the fairness of financial statements (Agoes & Sukrisno 2017: 40). The audit process involves gathering and analysis of information data to assess and document the conformity of the information with predetermined standards and the audit must be carried out by a competent and impartial person. Arens, et al (2017: 28).

2.5 Audit Report Lags

Audit report lag is the time span between the date of presentation of the financial statements and the date of publication of the audit report. The time span is the length of time the auditor has carried out his audit work. The length of time for audit completion can affect the timelines for information to be published, thereby impacting market reactions to delays in information and affecting the level of uncertainty in decisions based on published information.Fadrul and Astuti (2019) state that audit report lag is the time difference that occurs between the date of issuance of the report that has been audited and the date of issuance of the company's financial statements. In other words, audit report lag is the length of time it takes the auditor to complete the audit process, which is calculated from the closing date of the book until the date of issuance of the audited financial statements (Ginanjar 2018).

2.6 Liquidity

Liquidity is a ratio that measures a company's ability to pay off its short-term debt. The greater the liquidity, the higher the company's ability to meet its short-term obligations. So companies with conditions like this will tend to submit financial reports more quickly. Meanwhile, low liquidity indicates that the company has difficulty paying off its short-term obligations, resulting in high business risk. High business risk makes the auditor to be more careful in carrying out the audit process so that the audit report lag becomes longer.

Masyitah and Harahap (2018) state that liquidity functions to assess a company's ability to use its current assets to pay off its short-term obligations. Therefore, if high liquidity is produced, it indicates that the company is able to pay off its debts quickly, so that the company will immediately submit its financial statements because the company has no problems with its short-term debt. This means that liquidity affects the audit report lag.

Liquidity is a comparison that illustrates the company's efforts to fulfill its short-term obligations (Kasmir, 2018). High liquidity indicates that the company has good performance. Good company performance is good news that must be conveyed to the public immediately so that the company gets a positive impression from the public. This is what makes management usually urge the auditor to immediately complete the company's financial statements. Thus it can be said that liquidity has an effect on audit report lag.

Research by Ginting, et al (2022) and Yogy & Aris (2022) provides empirical evidence that liquidity affects audit report lag. This is in line with the research of Sudjono & Setiawan (2022) which states that the greater the level of company liquidity, namely the company's ability to fulfill its short-term obligations, the shorter the audit process of financial statements will be. Based on the description above, the formulation of the second hypothesis of this study is as follows:

H_1: Liquidity has an effect on audit report lag

2.7 Profitability

Profitability describes the level of effectiveness of operational activities that can be achieved by the company. If the company's profitability is low, the auditor will carry out his audit task more carefully because of higher business risks, so that this condition will slow down the audit process and cause the issuance of a longer audit report. So it can be said that profitability can affect the audit report lag.

Companies that have low profitability or in other words experience losses tend to delay the publication of financial reports because losses are bad news which will have a negative impact on the company, such as a decrease in demand for issued shares. So companies usually take time to publish financial reports because companies avoid bad news due to low profits. Thus it can be said that profitability affects audit report lag.

The relationship with agency theory is that a low level of company profitability can create a negative response from the market and an assessment of the company's performance that year can be considered unfavorable by the principal which will lead to a longer delay in submitting the company's financial statements. This can happen because when a company loses money, to maintain its reputation the company will try to minimize the spread of bad news and the auditor will work very carefully so that it will take a longer time to complete the audit (Carslaw & Kaplan, 1991).

Simanungkalit & Sudjiman's research (2022) and Wijaya & Anggraeni (2022) provide empirical evidence that profitability affects audit report lag. This is in line with Gunawan's research (2022) which found that the higher the level of profitability, namely the company's ability to generate profits, the shorter the audit process of financial statements. Based on the description above, the formulation of the second hypothesis of this study is as follows:

H_2: Profitability has an effect on audit report lag

2.8 Solvability

Solvency is the company's ability to measure the extent to which the company is financed with debt. The higher the leverage indicates that the company has a lot of debt to outsiders which results in a higher risk of financial distress. This makes auditors more careful in conducting audits for companies with a high level of solvency so that it affects the length of the audit process which will have an impact on audit report lag.

The relative proportion of debt to total assets indicates the financial condition of the company. If the value of debt to total assets is large, it will increase the tendency for losses. Things like this will make the audit report lag even longer. Thus it can be said that solvency can affect the audit report lag.

This relates to agency theory, in which the company (principal) wants the smallest possible solvency so that it demands management (agent) to work more actively in reducing debt to the company. With low debt, the company (principal) will make financial reports faster so that when audited by the auditor, they will not experience audit report lag.

Research by Hutapea & Sinabutar (2021) and Suhendi & Firmansyah (2022) provides empirical evidence that solvency affects audit report lag. This is in line with Prasetyo & Rohman's research (2021) which states that a high level of solvency is bad news that can make the market reaction negative and unprofitable for the company. This will make the audit process longer. Based on the description above, the formulation of the third hypothesis of this study is as follows:

H $_3$: Solvency has an effect on audit report lag

2.9 Company Size

Company size is an important part in assessing the contents of the company. The size of the company can be seen from the size of the company. Companies that are getting bigger will usually be monitored and supervised by parties who have a need for financial statement information. So that companies have greater pressure and demands to immediately submit their financial reports. Fujian & Satria (2020) stated that the larger the size of the company, the shorter the time needed to complete the audit. Thus it can be said that company size can affect audit report lag.

Indicators of company size can be seen from total assets, total sales, number of employees. and subsidiary companies (Arifuddin, et al 2017). Large companies are usually highlighted by the general public more than small companies. So usually large companies tend to comply with the regulations that have been made, one of which is submitting financial reports in a timely manner. Adiman's research (2018) provides empirical evidence that company size has an effect on audit report lag.

Company size is how big or small a company is based on the assets it owns (Raya and Laksito 2020). .The bigger the company's assets, the more capital invested, the more sales, the more money circulation, and the bigger the market capacity, the bigger it is known by the public. So that companies that have a good internal control system can reduce the error rate in preparing financial reports which makes it easier for auditors to audit financial statements, so that it will reduce audit report lag.

Research by Sunarsih, et al (2021) and Desiana, et al (2020) provides empirical evidence that company size has an effect on audit report lag. This is in line with Pertiwi's research (2021) which states that the larger the company size, the faster the audit completion time, while the smaller the company size, the longer the audit completion time.Based on the description above,the formulation of the fourth hypothesis of this study is as follows :

H $_4$: Company size has an effect on audit report lag.

2.10 Managerial ownership

Managerial ownership is part of the company's shares owned by management. Managerial ownership can lead to oversight so as to create better reporting quality. Managers will try their best for the sake of the company so that good performance can be realized. Companies with good performance usually tend to immediately disclose their financial statements to increase a positive impression for the company. This means that managerial ownership can affect audit report lag.

Managerial ownership is the shareholders as well as owners in the company from management who actively participate in the decision making of the company concerned (Downes & Goodman, 1999). The higher the percentage of shares owned by management, tends to make management try harder for the interests of shareholders, including himself (Ross, et al 1999). Thus the level of manipulation of information in the financial statements will be reduced and the audit can run faster, so that later the audit report lag will be shorter.

Ownership by managers will encourage managers to be more responsible in managing the company because of a sense of belonging to the company. In addition, ownership by managers will encourage them to increase their efforts to generate optimal profits. So that it will affect the performance of management for the better. Managers with good performance will be able to submit financial reports in a timely manner. So it can be said that managerial ownership can affect audit report lag.

Saputra & Agustin's research (2021) provides empirical evidence that managerial ownership has an effect on audit report lag. Consistent with Rachmawati's research (2019), it also shows the same results, namely managerial ownership has an effect on audit report lag which states that managerial share ownership can improve company performance. Companies with good performance must immediately disclose their financial statements, so that it affects the length of the audit report lag. Based on the description above, the formulation of the fifth hypothesis of this study is as follows:

H $_5$: Managerial ownership affects audit report lag.

3. Methodology and Procedures

3.1 Population and Sample

Table 1: Research Sample Selection Process

No	Criteria	Amount
1	Non-financial companies listed on the IDX during the 2019-2020 period	608
2	Non-financial companies that do not publish a complete *annual report during the 2019-2021 period*	(139)
3	Non-financial companies that experienced losses during the 2019-2021 observation period	(249)
4	Non-financial companies that do not provide complete information as required by researchers	(116)
The number of research samples = 104 x 3 years		312
Outlier data during processing time		(50)
Number of research samples		**262**

Source: Process Data 2023

Based on the sample selection process in Table 1, the population used is non-financial companies listed on the IDX during the 2019-2021 period . The data collection method used to obtain company data and information is documentation techniqueswith data sources derived from secondary data. Secondary data is in the form of annual reports, sustainability reports, and *websites*companies of each non-financial company listed on the IDX . In this study the sample used was *purposive sampling* , meaning that the sample was taken deliberately and was selected based on certain criteria needed. This study used measurements for each variable, as follows:

Table 2 : Measurement of operational variables

Variable	Indicator	Source
Audit Report Lag	ARL = Date of Audit Report - Date of Financial Statement	Kosasih & Arfianti, (2020)
Liquidity	$\text{CR} = \frac{Current\ Assets}{Curent\ Debt}$	Kusumawati,et al(2018)
Profitability	$\text{ROA} = \frac{Net\ Profit}{\text{Total Assets}}$	Kusumawati, et al (2018)
Solvability	$\text{DTA} = \frac{Total\ Debt}{\text{Total Assets}}$	Kusumawati, et al (2018)
Company Size	SizeCompany=LN(TotalAssets)	Agustina, et al (2021)
Managerial ownership	$\text{Managerial ownership} = \frac{\text{Total Managerial Shares}}{\text{Total Outstanding Shares}}$	Chaerunisa, et al (2020)

3.2 Data analysis technique

In this study, testing the hypothesis using multiple regression analysis. Multiple linear regression method was used to determine the correlation of each independent variable to the dependent variable.

$$\mathbf{ARL = \alpha + \beta_1 LIK + \beta_2 PRO + \beta_3 SOL + \beta_4 UK + \beta_5 KM + \mathit{e}}$$

4. Results and Discussion

4.1 Descriptive Statistical Analysis

Table 3: Descriptive Statistical Analysis Test Results

	N	Minimum	Maximum	Means	std. Deviation
Audit Report Lags	262	33	181	93.77	25,848
Liquidity	262	0.001	13.309	2.33682	1.962200
Profitability	262	0.000	0.798	0.07475	0.090913
Solvability	262	0.000	0.911	0.42543	0.201661
Company Size	262	24,589	33,537	29.11499	1.622869
Managerial ownership	262	0.000	0.778	0.10048	0.156291

Source: Process Data, 2023

Based on the results of the descriptive statistical tests in table 3, there is information about the minimum, maximum, average and standard deviation values of each of the variables studied. The standard deviation value of the audit report lag is 25.848 and the average value of the audit report lag is 93.77. These results indicate that the average audit report lag in non-financial companies during the 2019-2021 period is 93 days. The standard deviation value of liquidity is 1.962200 and the average value of liquidity in non-financial companies during the 2019-2021 period is 2.33682, which means that the company's ability to fulfill its short-term obligations is 233.682%. Every one rupiah of current debt is guaranteed by current assets of 2.33682 rupiah. The standard deviation value of profitability is 0.090913 and the average value of profitability in manufacturing companies during the 2019-2021 period is 0.074745, which means that the company's ability to generate profit after tax is 7.4745% of total assets. Every one rupiah of total assets is able to contribute profit after tax of 0.074745 rupiah.

The standard deviation value for solvency is 0.201661 and the average solvency value for manufacturing companies during the 2019-2020 period is 0.42543, which means that the company's ability to settle all obligations is 42.543%. Financing provided by creditors is 42% offinancing the entity's activities or every 0.42 rupiah of the entity's liabilities is guaranteed by one rupiah of the company's assets. Standard deviation value of company sizeof 1.622869 and the average value of firm size is 29.11499. This can be interpreted that the average total assets of non-financial companies for the 2019-2021 period amounted to IDR 4,349,022,887,699.00 . The standard deviation value of managerial ownership is 0.156291 and the average value of managerial ownership is 0.10048 The results of this descriptive analysis show that the average proportion of managerial share ownership compared to outstanding shares in non-financial companies for the 2019-2021 period is 10.048 %.

4.2Discussion

Statistical testing with multiple linear regression requires a classic assumption test before carrying out multiple regression tests. Where the first test is the normality test with a significance of 0.053 > 0.05 which can be concluded that the data is normally distributed. For multicollinearity test results around the Inflation Factor Value (VIF) 1.358-1.134 and tolerance values around 0.737-0.882, it can be concluded that the regression model is free from multicollinearity. For autocorrelation test results using *Durbin Watson* with DU table < DW statistic < (4-DU table); 1.82803 < 2.064 < 2.17197 it can be concluded that the regression model is free from autocorrelation. The results of the heteroscedasticity test show that *the unstandardized residual value* has a significance value greater than 0.05 so it can be concluded that the regression model is free from heteroscedasticity.

In this study, hypothesis testing was carried out using multiple linear regression analysis models. The following is a table of multiple linear regression analysis:

Table 4: Multiple Linear Regression Analysis Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	126,445	31,172		4,056	0.000
	Liquidity	1,954	0.927	0.148	2,109	0.036
	Profitability	-14,497	17,739	-0.051	-0.817	0.415

Solvability	25,702	9,049	0.201	2,840	0.005
Company Size	-1.537	1,030	-0.097	-1,492	0.137
Managerial ownership	-23,139	10,629	-0.140	-2,182	0.030
F				3,690	0.003b⁻
		Adjusted R Square			0.049

Source: Process Data, 2023

Based on Table 4, the simultaneous F test results show a significance value of 0.003. The significance value produced by the F test is less than 0.05, so it can be concluded that all independent variables, namely liquidity, profitability, solvency, company size and managerial ownership fulfill the requirements and can be said to be a fit regression model. The coefficient of determination shows an Adjusted R Square value of 0.049 or 4.9%. This shows that the independent variables, namely liquidity, profitability, solvency, company size and managerial ownership can explain the variation in the dependent variable, namely *the audit report lag* of 0.049 or 4.9% while the remaining 95.1% is explained by other variables not included in the study. This.

Based on the results of multiple regression tests that the calculation results of each variable can describe the effect of each independent variable on the dependent variable, namely as follows:

The results of the calculation of each variable can describe the effect of each independent variable on the dependent variable, namely liquidity has a significance value (sig t) of 0.036 which is smaller than the significance level of 0.05 (0.036 <0.05) and H1 is **accepted** . Thus it can be concluded that liquidity has an effect on *audit report lag* . The auditor's consideration of the company's financial condition when conducting the audit process, including liquidity. An auditor must understand all the weaknesses that place the audit at risk. So that all weaknesses that are considered material will affect the assessment that deserves attention and the auditor responds wisely, including considerations for determining the time of implementation of the audit which is considered the most effective. So that the resulting high liquidity will affect the auditor's attitude in the auditing process, which will have an impact on the length of the audit report lag. Liquidity shows the extent to which the company's current assets can be used to cover the company's short-term liabilities. So companies with large current assets will take a longer time in the audit process. This is due to the complexity of current assets which often experience changes in transactions that occur, so the auditor requires accuracy to minimize the occurrence of errors. This is what causes the length of time the audit report lags. The high level of liquidity indicates that the company has a larger portion of the value of short-term assets (current assets) compared to short-term liabilities (current liabilities). Based on its characteristics, current assets have a high level of inherent risk. To avoid this audit risk, the auditor will take longer to carry out audit procedures. This is what extends audit report lag. This research provides empirical evidence that liquidity has an effect on audit report lag. This is in accordance with the research of Ginting, et al (2022), Yogy & Aris (2022) and Sudjono & Setiawan (2022), which concludes that liquidity has an effect on audit report lag.

The test results state that profitability has a significance value of 0.415, where the value is greater than 0.05 (0.415 > 0.05), and **H2 is rejected** . Thus it can be concluded that profitability does not affect audit report lag . Because the process of auditing companies that have a small level of profitability has no difference compared to the process of auditing companies with a large level of profitability. Companies that experience small or large profits tend to speed up the audit process. And also the demands from interested parties in the company are not so great that it does not spur the company to audit financial reports as soon as possible. So that profitability does not affect audit report lag.This is also due to a provision from the Financial Services Authority which requires every company listed on the Indonesia Stock Exchange to report its annual financial statements no later than 120 days after the balance sheet date. Every company, whether it has high or low profitability, tends not to want to take risks and chooses to disclose audited financial statements as soon as possible. especially regarding the timeliness of the company's financial reporting and how big the responsibility iscompany in providing information about the condition of the company to the public or parties with an interest in the company. So high or low profitability does not affect audit report lag. This study provides empirical evidence that profitability has no effect on audit report lag. This is in line with Sunarsih, et al (2020) and Rahayu, et al (2021), which concluded that profitability has no effect on audit report lag.

The test results stated that solvency has a significance value of 0.005, where the value is smaller than 0.05 (0.005 <0.05), and **H3 is accepted** . Thus it can be concluded that solvency has an effect on *audit report lag* .On In this study , solvency has a positive effect on audit report lag, which means that the greater the solvency, the longer the audit report lag. This is because solvency is measured by the debt to asset ratio. In the debt to asset ratio, the greater the number of the results of the ratio, the greater the company's risk to settle the company's long-term obligations. A high solvency value indicates that the risk that is owned by the company is also high so that later the auditor in the audit process will require a long time, which will have an impact on the length of the audit report lag. Supported by signal theory, the resulting high level of solvency can be interpreted as a bad signal from company. This is because the greater the level of solvency of a company, the higher the company's risk in settling short-term debt and long-term debt. then companies tend not to want to show this so that there will be a tendency for companies with a high level of solvency to extend the audit report lag. In addition, companies with a large proportion of debt to total assets can increase the tendency of losses. So that an audit of a company with a large amount of debt requires a more detailed audit process and requires a longer time than a company that has a relatively smaller amount of debt. This shows that the high or low level of solvency can affect audit report lag. This study provides empirical evidence that solvency affects *audit report lag* . This is in accordance with the research by Hutapea & Sinabutar (2021), Suhendi & Firmansyah (2022) and Prasetyo & Rohman (2021) which conclude that solvency affects audit report lag

The test results state that the size of the companyhas a significance value of 0.137, where the value is greater than 0.05 (0.137 > 0.05), and **H4 is rejected** . Thus it can be concluded that *company size* has no effect on *audit report lag* .The size of the company does not mattereffect on audit report lag. This is because companies that have been listed on the IDX will be monitored by investors, regulators, and various parties who have an interest in the company's financial statements. Therefore, companies are required to be able to complete the financial statement audit process and submit company financial reports in a timely manner. So that the size of the company does not affect the audit report lag . , And if a company registered on the IDX is late in submitting financial reports, the company will be subject to sanctions. The impact of imposing these sanctions can damage the company's image. So that even companies with smaller assets do not want the auditing process to run slower, so that they can immediately submit the company's financial reports. So that the size of the company does not affect the audit report lag.

In addition, in every company size, the auditor will continue to act professionally according to auditing standards regardless of the size of the company being audited. The size of the company's assets does not make the audit period longer because these companies will still be examined in the same way according to auditing standards issued by the Indonesian Institute of Certified Public Accountants (IAPI). So that the size of a company size does not affect the length of the audit report lag. This study provides empirical evidence that company size has no effect on audit report lag. This is in accordance with research by Fadrul, et al (2021) and Rosalina, et al (2022) which concludes that company size has no effect on audit report lag.

The test results state that managerial ownership has a significance value of 0.030, where the value is less than 0.05 (0.03 <0.05), and **H5 is accepted** . Thus it can be concluded that managerial ownership has an effect on audit report lag .Share ownership by managers tends to make companies maximize profits by increasing efforts. These efforts are enhanced through improvement and improvement of performance as well as the company's internal control system. Companies with good performance will immediately disclose their financial statements to increase a positive impression for the company. So companies with a large percentage of managerial ownership can reduce audit report lag. Supported by the agency theory of share ownership by managers is able to reduce conflicts of interest between principals and agents. Because naturally principals and agents always have different interests, namely wanting to maximize their respective welfare. If conflicts of interest can be reduced, information asymmetry will also be reduced and managers' actions that hide information or delay information to be conveyed to the public will certainly also be reduced because there is no reason for managers to delay and hide it, thereby shortening audit report lag. Opportunistic actions managers can also be minimized by increasing managerial ownership. Increased managerial ownership can align the interests of managers and shareholders. Thus, with an increase in managerial ownership, the timeliness of the company's financial reporting will also increase because the greater the share ownership owned by the manager, the manager will feel that he has full responsibility because it will benefit him in terms of being a shareholder and managing the company. This is what can speed up the audit report lag. This study provides empirical evidence that managerial ownership has an effect on audit report lag. This is in line with the research by Saputra & Agustin (2021) and Rachmawati (2019) which providethe conclusion that managerial ownership has an effect on audit report lag.

5. Conclusion

This study aims to empirically examine the effect of liquidity, profitability, solvency, company size and managerial ownership on audit report lag in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2021 period. Based on the test results and discussion obtained in the previous chapter, it can be concluded as follows:

1. Liquidity affects audit report lag, the high or low percentage of a company's liquidity affects audit report lag. The higher the liquidity, the longer the audit report lag, conversely, the lower the liquidity, the shorter the audit report lag.

2. Profitability has no effect on audit report lag, the level of profitability of a company has no effect on audit report lag.
3. Solvability matterson audit report lag, the high or low percentage of a company's solvency affects audit report lag. The higher the solvency, the longer the audit report lag, conversely, the lower the solvency, the shorter the audit report lag.
4. Company size has no effect on audit report lag, the size of the company has no effect on audit report lag.
5. Managerial ownership matterson audit report lag, the size of the proportion of managerial ownership of a company affects audit report lag. The greater the managerial ownership, the shorter the audit report lag, conversely the smaller the managerial ownership, the longer the audit report lag.

Based on the conclusions of this study, the researchers provide the following suggestions:

1. This study uses a sample of non-financial companies listed on the IDX in the 2019-2021 period. For further researchers, they can expand the object of research based on the IDX-IC classification of companies listed on the Indonesia Stock Exchange. In addition, researchers can extend the study period, for example five to seven years so that the results can better describe long-term conditions and provide more accurate results.
2. Further research can pay attention to other variables that also affect audit report lag, for example sales, sales growth or capital intensity.

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