Factors That Can Affect Audit Report Lag With Audit Quality As Intervening Variables

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Abstract: Delays in audit reports can reduce public trust so that it can result in a decrease in the good image of the company. This research was conducted to find out the causes of audit report lag using independent variables on audit tenure, audit rotation and audit fees with audit quality as an intervening variable in manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The sampling technique used purposive sampling. The analysis model uses the path analysis model. The results of this study prove that tenure audit directly has a significant positive effect on audit quality and a significant negative effect on audit report lag.Audit rotation has no effect on audit quality and audit report lag. audit fees have a significant positive effect on audit quality and have no effect on audit report lag and audit quality have no effect on audit report lag. The results of research on indirect or intervening effects prove that audit tenure, audit rotation and audit fees do not affect audit report lag through audit quality, respectively.

Keywords: audit report lag1; audit quality 2; audit tenure 3; audit rotation 4; audit fee5

INTRODUCTION

Timely presentation of audit reports is especially important for information users. The overall objective of the audit is to ensure that the financial statements are free from material errors, such as the presence of fraud or errors, and to produce audit reports that comply with auditing standards [1].The auditor is tasked with submitting audit results to the highest authority to ensure the objectivity of the internal auditor[2].

This research aims at manufacturing companies listed on the Indonesian Stock Exchange for the 2019-2021 period.Companies that submit their audit reports in a timely manner are believed to have good audit quality. According to [3]that there is a close correlation between the timing of financial reporting and the quality of audits conducted by independent auditors. Financial reports with good audit quality standards will shorten the audit report lag period.The attitude of the auditor's independence requires the auditor to be able to disclose the existence of material misstatements so as to produce a good audit quality.

Previous studies investigated the factors that can affect audit report lag with audit quality as intervening variables from audit tenure, KAP size, firm size, audit committee and leverage[3]Other literature uses audit tenure and KAP size as variables that can affect audit report lag with audit quality as intervening variables[4].However, it cannot answer the influence of the intervention given. So the update in this study is to observe variable audit tenure, audit rotation and audit fees as independent variables [5].

LITERATURE REVIEW

Theoretical Basis

Agency theory

Jensen and Meckling (1976) suggest that agency theory is the relationship between management as agent (manager) and owner as client (principal). Both are bound by a contract, meaning that the owner or client is the party providing the information and the agent (auditor) is the party evaluating the information related to the client's financial statements and providing opinions on the reports being audited [6]. The entity is obliged to carry out its duties by being responsible to the users, namely internal and external parties[7].

Audit Report Lag

Audit report lag is the time span for completion of audit reports by independent auditors from the closing date of the company's books until the date stated in the independent auditor's report [8]. The relationship between audit report lag and agency theory cannot be separated, this is because the company has the role of principal and the role of independent audit as agent. The relationship between the two is intertwined, where the principal requires the services of an auditor in examining the audit of the company's financial statements, and the auditor as an audit service that will provide information relevant to the condition of the company.

Audit Quality

Audit quality as a market evaluation where the auditor can detect violations of the client's accounting system and violations in the records, an auditor is required to be able to produce high quality work, because the auditor has a great responsibility towards parties who have an interest in the company's financial statements, including the general public[9] .the task of the auditor who is part of the agent or manager, requires the auditor to provide relevant information to the client or owner. So that audit quality also has a fairly close relationship with agency theory.

Audit Tenure

Audit tenure is a period of implementation of audit services that is established between the Public Accounting Firm (KAP) and the company as the client receiving the audit service[10]. A long relationship between an accountant and his client can strengthen the relationship between the two and weaken the independence of the accountant thereby affecting audit quality[11].

Audit Rotation

Audit rotation is a change of public accountant auditors related to audit services. With audit rotation, auditor independence will be maintained, because there is no emotional bond between the Public Accountant (AP) auditor and the client company, audit rotation is also used where public accountants in Indonesia can only audit company financial statements for a maximum of three consecutive years [12].

Restrictions on handling audit services with the same auditor to maintain the independence of public accountants, so as to maintain audit quality. The role of the OJK in maintaining the independence of public accountants, so that a special relationship does not occur between the auditor and the client company, the OJK issues rules regarding the use of audit services, that the maximum audit period for public accountants is 3 consecutive years[13].

Audit Fees

The audit fee is the amount of fees charged by the client for the use of audit services used during the audit process [14]. According to [15]in PP No. 2 of 2016 article 5 paragraph 2 basis for calculating the amount of compensation for services;

1. Standard hourly rates for each auditor level

2. Pricing policy for pricing that is different from the standard service fee rate

3. How to determine the amount of service fees billed to the previous entity has been written in the engagement letter

Review of Previous Research

Research from [3] with the title "Analysis of the factors that influence audit report lag with audit quality as an intervening variable in manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2020 period". The results of this study show that simultaneously audit tenure, KAP size, firm size, audit committee and leverage affect audit quality. Partially, leverage has a positive effect on audit quality. Meanwhile, audit tenure, KAP size, firm size and audit committee have no effect on audit quality. Simultaneously audit tenure, KAP size, company size, audit committee and leverage and audit quality have an effect on audit report lag. Partially, audit committee and leverage have a negative effect on audit report lag. While the tenure audit, company size, KAP size. And audit quality has no effect on audit report lag. And there is no partially intervening influence on the independent variable on the dependent variable [16].

Research from [17]with the title "The effect of audit tenure, auditor reputation, audit committee and audit fees on audit quality (an empirical study of companies listed on the Kompas100 index on the IDX in 2012-2016)". The results of the study show that audit tenure and auditor reputation have no significant effect on audit quality. Meanwhile, audit committee and audit fee variables have a positive effect on audit quality.

Research from[18] with the title "The effect of specialization of industrial auditors, auditor reputation, and audit tenure on audit report lag (Study of mining companies listed on the Indonesia Stock Exchange in 2015-2019)".The results of this study indicate that auditor industry specialization has a negative effect on audit report lag, auditor reputation has no effect on audit report lag, and audit tenure has a negative effect on audit report lag.

Framework

This study was conducted to examine the effect of audit quality as an intervening variable on audit report lag, with 3 independent variables namely audit tenure, audit rotation and audit fees. The following is the framework for this research.
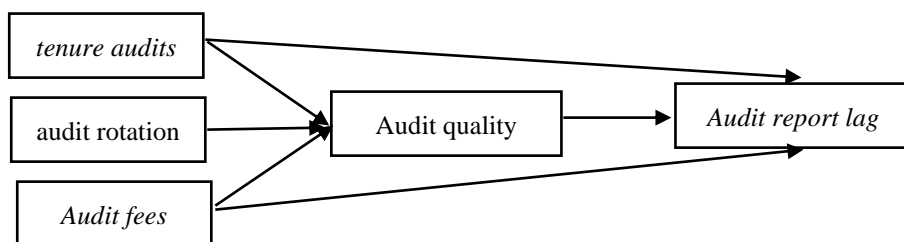
Source : processed data, 2023

Hypothesis Development
Tenure Audit On Audit Quality

Agency theory is quite related to tenure audits, whereas agency theory is related to the existence of contracts between management and company owners.The engagement period that exists between the issuer company and the Public Accounting Firm (KAP) will have an impact on audit quality. This statement is reinforced by the results of research conducted by [19]which states that a short time period between KAP and client companies can result in insufficient information about client companies which can reduce audit quality.

Research conducted by[3]; [8]; [19]found similar results, that long or short tenure audits have an influence on audit quality. So based on the description above, the hypothesis proposed is:

H1 = Audit tenure affects audit quality

Tenure Audit On Audit Report Lag

The KAP engagement period with a new client company will slow down the audit report lag period. Another study conducted by [20] stated that KAP that have long-standing contractual engagements with client companies certainly have a more in-depth understanding of the client company's operations because they have experience in auditing the client company for years, so reports audits will be faster.

Research conducted by[21]; [22]; [20]; [23] found similar results that audit tenure that has been established for a long time will speed up audit report lag, this statement is caused by KAPs who provide audit services better understand the client company's operations. So based on the description above, the hypothesis proposed is:

H2 = Audit tenure affects audit report lag

Audit Tenure On Audit Report Lag With Audit Quality As An Intervening Variable

The long-standing audit relationship between the company as a client and the Public Accounting Firm (KAP) can interfere with auditor independence[3]. A reduced attitude of auditor independence makes it possible to reduce audit quality, but this is not always a negative impact on audit quality, but audit relationships that are established for a long time are also possible to produce higher audit quality. This is because auditors are more experienced in making audit decisions because they already understand company performance [3] In addition, according to [23] that a long tenure audit relationship will affect audit report lag, in which audit reports can be resolved quickly because the auditor has experience with audited financial reports. Based on the description above, the hypothesis proposed is:

H3 = Audit tenure affects audit report lag with audit quality as an intervening variable.

Audit Rotation on Audit Quality

The audit rotation relationship from the point of view of agency theory is related to the company's efforts to create public trust and interested parties, that the information presented is correct and reduces information asymmetry between the two parties[19]. The auditor as a management party in providing services related to auditing the client's financial statements and so that public doubts do not occur, then audit rotation needs to be carried out so that audit quality is more reliable. Research conducted by[24] and [25] found similar results, that audit rotation can prevent a decrease in audit quality, which is caused by a decrease in auditor independence. Based on the explanation above, the hypothesis proposed is:

H4 = Audit rotation affects audit quality.

Audit Rotation on Audit Report Lag

If the company experiences a change of auditors, it will take longer for the new auditor to understand the specifics of the client's business and the system used for the business, so additional time is needed during the audit process and does not rule out the possibility submission of audited financial statements will be delayed[26]. This is in line with research conducted by [22]which states that changing auditors from time to time can increase the objectivity of the auditor, and can have an impact on the accuracy of submitting audit reports. Other research according to[25] states that audit rotation has a positive but not significant effect on audit report lag. Based on the explanation above, the hypothesis proposed is:

H5 = Audit rotation has an effect on audit report lag

Audit Rotation Against Audit Report Lag With Audit Quality As Intervening Variable

One way to measure audit quality is to look at the quality of decisions made, The company's efforts to improve the quality of audited financial statements to increase trust between investors and users of financial statements. Therefore, companies carry out audit rotations to gain the trust of users of financial statements[24]. The intervening variable, as a connecting variable between audit rotation variables which has an influence on audit report lag with audit quality as an intervening variable. Whereas audit rotation is carried out to maintain the independence of audit reports, so that it will produce a quality audit, there is an audit rotation so that it takes enough time to understand the client company's report[25].

H6 = Audit rotation has an effect on audit report lag with audit quality as an intervening variable

Audit Fee on Audit Quality

The audit fee is the amount of fees charged by the client for the use of audit services used in the audit process[14]. Agency theory relates to audit fees in that audit fees are the amount of fees given for assignments, service complexity, public accountant fee procedures, and auditor professional considerations, so some companies choose independent auditors with high competence and high audit fees [27].

The use of high quality auditor services can prevent errors or material deviations from occurring in financial statements compared to low quality auditors, because it is believed that high quality auditors are more professional and qualified in their field[28]. Another study conducted by [29]stated that high audit fees can improve audit quality, as well as research conducted by [25] ; [19]; [24]have the same result, that a higher audit fee will improve audit quality. Based on the explanation above, the hypothesis proposed is:

H7 = Fee audit has an effect on audit quality

Audit Fee on Audit Report Lag

High audit fees are considered capable of producing higher quality financial reports [30]. The use of high-quality auditor services will speed up the completion of audit reports or audit report lag [31]. Research conducted by [32]; [31] has the same results, using high quality auditor services will speed up audit report lag, and this can be obtained with a high audit fee. Based on the explanation above, the hypothesis proposed is:

H8 = Fee audit has an effect on audit report lag

Audit Fee Against Audit Report Lag With Audit Quality As Intervening Variable

Companies with bad economic conditions will not choose high quality auditors and pay high audit fees [14]. The intervening variable, as a connecting variable between the audit fee variable on audit report lag, and audit quality as an intervening variable. Whereas the audit fees provided by the company to the Public

Accounting Firm (KAP) regarding the audit services provided will affect audit quality [30]. Research conducted by [31] The use of high-quality auditor services will speed up the completion of audit reports or audit report lag. So from the explanation above, the hypothesis proposed is:

H9 = Audit fees affect audit report lag with audit quality as an intervening variable

Audit Quality Against Audit Report Lag

Audit quality has a close relationship with agency theory, because the auditor as a third party or independent party has an asymmetrical position in understanding conflicts of interest and solving problems between principals and management (agents) [33]. According to [30]which states that KAPs with the big four KAP category are said to be able to produce quality financial reports. The four public accounting firms are Ernst & Young (EY), Deloitte, PricewaterhouseCoopers (PWC), and KPMG. The results of research conducted by[34] show that the use of KAP services affects audit report lag. So from the explanation above, the hypothesis proposed is:

H10: Audit quality has an effect on audit report lag.

METHOD

Research design

The theory used in this study uses agency theory. Jensen and Meckling (1976) suggest that agency theory is the relationship between management as a managing agent and owners as clients or principals.This type of research is quantitative research. and the type of data used is secondary data, namely data sourced from company financial reports that are published and can be accessed on the Indonesian stock exchange web

Population, Sample, Sampling

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period. The list of manufacturing companies listed on the IDX for the 2019-2021 period totals 213 companies.sampling using purposive sampling technique using four sampling criteria, namely:

1. Is a manufacturing company listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period.
2. Companies that publish complete annual financial reports for the 2019–2021 period and have all the necessary data.
3. Financial reports in rupiah
4. The audit fee used is a professional fee

Based on the results obtained using a purposive sampling technique, the following data were obtained:

Purposive Sampling Results

Criteria	Amount
Is a manufacturing company listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period.	213
Companies are not listed sequentially for the 2019-2021 period	(29)
The financial statements are not in rupiah currency	(24)
Financial statements do not include audit fees (Personnel fees)	(15)
Other constraints (Annual reports cannot be accessed/incomplete, audit reports are blurry, sector shifts)	(61)
number of samples	**84**
Observation Year	**3**
sample totals	**252**

Source: Data processed, 2023

Data analysis method

The data analysis technique used in this study is path analysis with the help of SPSS. The path analysis technique developed by Swall Wright in 1934 is actually an extension of the correlation which decomposes into several interpretations of the resulting results. The path analysis technique is similar to multiple regression, in other words, multiple regression is a special form of path analysis [35]. using three classical assumption tests, namely the normality test, the heteroscedasticity test and the multicollinearity test

. Path analysis has two structural equations. Structural equations or regression models can be seen as follows:

a. $Y_1 = PY_1X_1 + PY_1X_2 + PY_1X_3 + e1$ (As sub structure equation 1)

b. $Y_2 = PY_2X_1 + PY_2Y_1 + PY_2X_3 + e2$ (As sub structure equation 2)

Classic Assumption Test

Normality Test

The graphical method used in this study is the normal probability p-plot visualization. the basis for decision making is made with this analysis when the data or points spread around the diagonal line and follow the diagonal line [36].

Heteroscedasticity Test

The heteroscedasticity test in this study used the Rank Spearman test. namely by correlating the independent variables as a whole to the absolute value of the residual, │e│. If the significant value is greater than the alpha value (Sig. > α), that is α = 0.05[37]

Multicollinearity Test

The multicollinearity test can be seen from the tolerance value and variance inflation factor (VIF) obtained in the SPSS test. The VIF value limit is 10, the tolerance value is 0.1. If the VIF value is greater than 10 and the tolerance value is less than 0.1 then there is a correlation between the independent variables which means that there is multicollinearity[36]

Hypothesis Testing

T Test

The t-test shows support for the research hypothesis and partially tests each independent variable with the dependent variable.t-values can be obtained by calculation and by using tables (α = 0.05), then the two t-values are compared [36] with the following criteria:

1. If the sig value < 0.05 or t (count) > t (table), then the hypothesis is accepted, meaning that there is an influence of the independent variable on the dependent variable.

2. If the sig value > 0.05 or t (count) < t (table), then the hypothesis is rejected, meaning that there is no effect of the independent variable on the dependent variable.

The formula for t table ist table = t (a/2 ; n-k-1).

Coefficient Of Determination (R2)

The coefficient of determination (R2) aims to measure how far the ability of the independent variable influences the dependent variable[36]

RESULTS AND DISCUSSION

Classic Assumption Test
Normality Test

The graphical method used in this study is the normal probability p-plot visualization. The results of the p-plot graphical test (sub-structural equation 1) are presented in Figure 1 as follows:
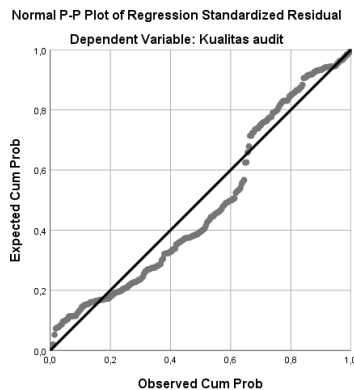

Figure 1 : Results of the graphical p-plot test (equation of sub structure 1)
Source: Data processed, 2023

Based on Figure 1 the results of the p-plot graph test (equation of sub structure 1) that the data follows the diagonal line, so it can be concluded that the data in sub structure equation 1 is normally distributed. Furthermore, the results of the graphical p-plot test (equation of sub structure 2) are presented in Figure 2 as follows:

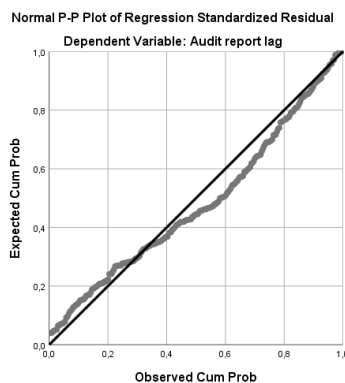Figure 2 : Results of the graphical p-plot test (equation of sub structure 2)
Source: Data processed, 2023

Based on Figure 2 the results of the p-plot graph test (equation of sub structure 2) it can be seen that the data follows the diagonal line, so it can be concluded that, the data in the sub structure equation 2 is normally distributed. So that the regression test on sub-structural equations 1 & 2 can be carried out.

Heteroscedasticity Test

Following are the results of the heteroscedasticity test for sub-structural equation 1 in Table 1 as follows:

Table 1 Heteroscedasticity Test Results (Equation of Sub Structure 1)

Correlations						
			Unstandardized Residual	Audit tenure	Rotasi audit	Fee audit
Spearman's rho	Unstandardized Residual	Correlation Coefficient	1,000	-,042	,010	-,064
		sig. (2-tailed)	.	,511	,875	,312
		N	252	252	252	252

. Correlation is significant at the 0.01 level (2-tailed).

Source: Data processed, 2023

Based on table 1 of the heteroscedasticity test results, it is found that the significance value of the independent variable in the audit period variable (0.511), audit rotation variable (0.875) and audit fee (0.312), has a significance value greater than 0.05, so based on the explanation above, it can be concluded that the sub-structural equation 1 in this test is free from heteroscedasticity symptoms.Next is to calculate the heteroscedasticity test for the second structural equation with the Spearman rank model in Table 2 as follows:

Table 2 Heteroscedasticity Test Results (Equation of Sub Structure 2)

Correlations							
			Unstandardized Residual	Audit tenure	Rotasi audit	Fee audit	Kualitas audit
Spearman's rho	Unstandardized Residual	Correlation Coefficient	1,000	-,012	,043	-,062	-,022
		Sig. (2-tailed)	.	,847	,498	,324	,727
		N	252	252	252	252	252

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Data processed, 2023

Based on table 2 the results of the heteroscedasticity test using the Spearman rank model, it is found that the significance value of the independent variable partially has a significance above 0.05, namely the variable audit period (0.847), audit rotation (0.498), audit fee (0.324) and audit quality (0.727)). So it can be concluded that there are no symptoms of heteroscedasticity in the sale of sub structure 2.

Multicollinearity Test

Multicollinearity test is used to test whether in the regression model there is a correlation between the independent variables or the independent variables.The multicollinearity test in the sub-structural equation 1 can be seen in the tolerance in Table 3 as follows:

Table 3 Multicollinearity Test Results (Structural Equation 1)

		Coefficientsᵃ	
			Collinearity Statistics
Model		Tolerance	VIF
1	(Constant)		
	Audit tenure	,916	1,091
	Rotasi audit	,969	1,032
	Fee audit	,943	1,060
a. Dependent variable: Kualitas audit			

Source: Data processed, 2023

Based on table 3, it shows that the tolerance value of all independent variables in this study is >0.10 and for the VIF value of all independent variables, it is <10.00, so it can be concluded that there is no multicollinearity regression model in the sub-structural equation 1. As for the multicol-linearity test in sub structure equation 2 can be seen in Table 4 as follows:

Table 4 Multicollinearity Test Results (Structural Equation 2)

		Coefficientsᵃ	
		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Audit tenure	,880	1,137
	Rotasi audit	,969	1,032
	Fee audit	,756	1,322
	Kualitas audit	,735	1,360
a. Dependent variable: *Audit report lag*			

Source: Data processed, 2023

Based on table 4 the results of the multicollinearity test on the sub-structural equation 2, it shows that the tolerance value of all independent variables in this study is >0.10 and for the VIF value of all independent variables <10.00, so it can be concluded that there is no multicollinearity between the independent variables in the model regression on the sub structure equation 2.

Path Analysis Hypothesis Test

Hypothesis testing in the path analysis used in this study is used to determine the direct effect, indirect effect and total effect.

Direct Effect

The results of the path analysis equation 1 or the direct effect of the independent variables partially on audit qualityare summarized in Table 6 as follows.

Table 6 Summary of Sub-Structure Equation Path Coefficient Results 1

Variable effect	Path coefficient (beta)	T-statistics (t table = 1,990)	Test result	The coefficient of determination	Effect of errors (pe1)
$X_1 To Y_1$	0,138	3,219	Significant	0,256	0,744
$X_2 To Y_1$	-0,004	-0,065	Not significant	Or	Or
$X_3 To Y_1$	0,439	7,823	Significant	25,6%	74,4%

Source: Data processed, 2023

The effect of error (Pe1) in the first equation is determined as follows:

P_{e1} = $\sqrt{1 - 0.256}$

    = 0,744 (74,4%)

The results of path analysis in the form of the first equation are as follows:

Sub structure 1: Y1 = 0.183 + 0.004 + 0.439 + e1 0.744

Table 6 shows that the path coefficient (obtained from the beta coefficient) between audit tenure (X1) on audit quality (Y1) is 0.138 and the t-statistic value is 3.219 > ttable 1.990 so it can be concluded that there is a significant positive effect on audit tenure (X1) on audit quality (Y1).

The path coefficient is obtained from the beta coefficient of the effect of audit rotation (X2) on audit quality (Y1) of -0.004 with a t-statistic value of 0.65 <ttable 1.990. Because the t-statistic value <ttable, it can be concluded that audit rotation (X2) has no effect on audit quality (Y1). The results in this study have enough empirical evidence to reject the hypothesis.

The path coefficient value (obtained from the beta coefficient) the effect of audit fees (X3) on audit quality (Y1) is 0.439 with a t-statistic value of 7.823 > ttable 1.990 so it can be concluded that there is an effect of audit fees (X3) on audit quality (Y1).

The results of the path analysis equation 2 or the direct effect of the independent variables partially on audit report lagare summarized in Table 7 as follows.

Table 7

Summary of Sub-Structure Equation Path Coefficient Results 2

Variable effect	Path coefficient (beta)	T-statistics (t table = 1,990)	Test result	The coefficient of determination	Effect of errors (pe2)
X_1 ToY_2	-0,170	-2,600	Significant	0,057 Or 5,7%	0.943 Or 94,3%
X_2 ToY_2	-0,005	-0,087	Not significant		
X_3 ToY_2	-0,135	-1,920	Not significant		
Y_1 ToY_2	-0,051	-0,716	Not significant		

Source: Data processed, 2023

The effect of error (Pe2) in the first equation is determined as follows:

P_{e2} = $\sqrt{1 - 0,057}$

    = 0,943 (94,3%)

The results of path analysis in the form of the second equation are as follows:

Sub structure 2: Y2= -0,170 + -0,051 + -0,135 + e2 -0,943

Based on table 7, it shows that the path coefficient (obtained from the beta coefficient) between audit tenure (X1) and audit report lag (Y2) is -0.170 and the t-statistic value is -2.600 > ttable 1.990 so it can be concluded that there is a negative effect of audit tenure (X1) to the audit report lag (Y2).

The path coefficient value is obtained from the beta coefficient beta value in table 7 The effect of audit rotation (X2) on audit report lag (Y2) is -0.005 with a t-statistic value of -0.087 < ttable 1.990. Because the t-statistic value <ttable, it can be concluded that audit rotation (X2) has no effect on audit report lag (Y1).

The magnitude of the path coefficient value (obtained from the beta coefficient) the effect of audit fees (X3) on audit report lag (Y2) table 7 is -0.135 with a t-statistic value of -1.920 < ttable 1.990 so it can be concluded that there is no effect of audit fees (X3) on audit report lag (Y2).

The magnitude of the path coefficient value (obtained from the beta coefficient) the effect of audit quality (Y1) on audit report lag (Y2) table 7 is -0.135 with a t-statistic value of -1.920 < ttable 1.990 so it can be concluded that there is no effect on audit quality (Y1) on audit report lag (Y2).

Indirect Effect

1. Effect of audit tenure on audit report lag through audit quality (X1 to Y2 through Y1):

In the intermediary effect, it is known that the value of the direct influence exerted by X_1 on Y2 is -0.170. While the indirect effect is the beta value of PY1X1 x PY2 Y1 = 0.183 x -0.051 = -0.00933. Based on the calculation results above, it is known that the value of the direct effect of X1 on Y(2) is -0.170 > -0.00933, so it can be concluded that there is no indirect effect of X1 on Y2 through Y1.

2. Effect of audit rotation on audit report lag through audit quality (X2 to Y2 through Y1)

The direct effect value given by X2 to Y2 is -0.005 and the indirect effect is the beta value of PY1 X2 x PY2 Y1 = -0.004 x 0.051 = -0.000204. After obtaining the results of the calculation above, the value of the direct effect of X2 on Y(2) is -0.005 > -0.000204, the indirect effect. so that the assumption obtained is that there is no indirect effect of X2 on Y2 through Y1

3. Effect of audit fees on audit report lag through audit quality (X3 to Y2 through Y1)

The direct effect value given by X3 on Y2 is -0.135 and the indirect effect is the beta value of PY1X3 x PY2Y1 = 0.439 x 0.051 = -0.022389. After the calculation results above are obtained, the direct effect value of X3 on Y2 is - 0.135 > -0.022389 indirect effect. So that the assumption obtained is that there is no indirect effect of X3 on Y2 through Y1.

Total Influence

The total effect value is obtained from the sum of the beta values (X to Y_1) with the result of indirect influence[35]. The total effect in this study was obtained as follows:

1. The total effect of tenure audit variables on audit report lag through audit quality.

$PY_1 X_1 + PY_2 Y_1 = 0.183 + 0.051 = 0.234$

2. The total effect of audit rotation variables on audit report lag through audit quality.

$PY_1 X_2 + PY_2 Y_1 = 0.004 + 0.051 = 0.055$

3. The total effect of audit fee variables on audit report lag through audit quality.

$PY_1 X_3 + PY_2 Y_1 = 0.439 + 0.051 = 0.049$

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