

Research Article

# The Effect of Audit Tenure and Size of Public Accountant Firm on Audit Report Lag with Auditor Industry Specialization as Moderating Variable

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**Abstract.** Relevance is one of the qualitative qualities of financial statements. If financial statements are submitted on time, they can be considered relevant. Audit report lag is closely related to timely report submission. It can increase the efficiency and quality of financial reports and enable users to rely on financial statement information when making judgments. The amount of enterprises still filing financial reports late demonstrates that punctuality remains a serious hurdle for Indonesian businesses. In contrast to earlier research, this study examines all manufacturing businesses listed on the Indonesia Stock Exchange between 2015 and 2019 using Multiple Linear Regression Analysis and Moderated Regression Analysis. The results of the study indicate that tenure audit has a significant impact on audit report lag, that the size of a public accounting firm has no significant impact on audit report lag, and that auditor industry specialization significantly moderates the impact of tenure audit and the scope of general accounting firm on audit report lag.

**Keywords:** Audit Report Lag, Tenure Audit, Auditor Industry Specialization, Size of Public Accounting.

## A. INTRODUCTION

According to (IAI, 2014), financial statements must have four qualitative criteria so that the financial statements are meaningful to users such as easy to understand, reliable, relevant and comparable. When making relevant financial reports, we often encounter various obstacles, and timeliness is one. Suppose the financial statements are not submitted on time. In that case, it is considered that the information value of the financial statements is lost, which can make it difficult for report users to make decisions.

Article 7 Paragraph 1 of the Financial Services Authority (OJK) Regulation No. 29/POJK.04/2016 concerning Annual Reports of Issuers or Listed Firms mandates that Issuers or public companies must submit annual reports to OJK by the end of the fourth month following the end of the fiscal year. According to notifications released by the Indonesia Stock Exchange (IDX), the following companies have not punctually submitted audited financial accounts for the past five years:

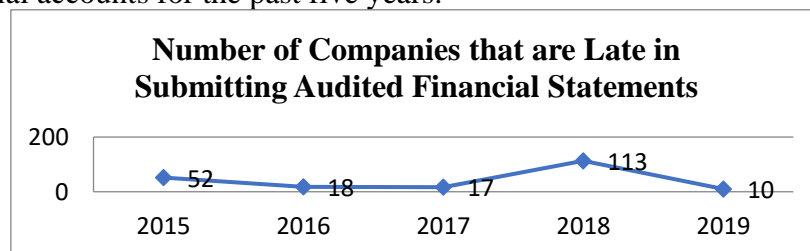


Figure 1. Audit Report Lag from 2015-2019

Figure 1 demonstrates that public companies listed on the Indonesia Stock Exchange (IDX) are still delaying the submission of audited financial statements. In 2015, 52 firms were late with their audited financial reports; in 2016, 18 companies were late; in 2017, 17 companies were late; in 2018, 113 companies were late; and in 2019, 10 companies were late. This research indicates that there are still a significant number of companies that do not timely submit audited financial statements, which can lead to accounting information confusion in decision-making and negative reactions from capital market players. The amount of time required to submit audited financial statements will impact the timeliness of financial statement presentation. This circumstance explains the delay in surfacing auditing issues (Butar-Butar & Hadiprajitno, 2017).

Audit report lag is the length of time between the date of the financial statements and the date of the auditor's opinion on the financial statements. It is measured based on the difference between the date of the financial statements and the date of the auditor's opinion on the financial statements (Ishak et al., 2010). Research on audit report latency is essential since the longer an audit report is delayed, the greater its negative impact. Due to the delay in publishing of material, the audit report has been delayed; this will enhance uncertainty in decision making (Iskandar & Trisnawati, 2010). Audit duration is the duration of the engagement between the auditor and his client to evaluate reports (Michael & Rohman, 2017). Companies with audit tenures of three years or less may result in a longer audit report lag since auditors must spend more time and effort knowing their clients' processes and activities, particularly at the beginning of the audit-client relationship (Lee et al., 2009; Habib and Bhuiyan, 2011; Dao and Pham, 2014). Conversely, auditors with a lengthy audit tenure will have a shorter audit report lag because they believe they can manage their customers more efficiently (Lee et al., 2009).

In addition to audit tenure, the size of a public accounting firm (AFS) also affects the audit report lag. This is supported by Rachmawati's (2008) research, which proves that large AFSs have sufficient and competent resources. Because large AFSs will get incentives that can be said to be greater every time they complete their audit tasks quickly compared to other AFSs. Large AFSs will try to maintain their existence and reputation with faster audit times. Different research results from Michael and Rohman (2017) and Giyanto & Rohman (2018) found that AFS size did not affect audit report lag because the size of big four AFSs and non-big four AFSs did not affect the length of audit completion time.

Another factor that affects the shorter audit report lag is the specialization of industrial auditors (Putri and Januarti, 2014). Industrial auditor specialization is a specific understanding and skill in a particular industry obtained from the experience of auditors in auditing and related special training on auditing specific industries to improve auditing (Rahadiano, 2012).

From the description above, it can be explained that several studies that have been carried out so far still have differences or inconsistencies in research results. This is due to differences in the sample and the research method used to measure each variable. This study aims to analyze and find empirical evidence related to the Effect of Audit Tenure and Size of Public Accounting Firms on Audit Hassle Lag (ARL) with Industrial Auditor Specialization as a Moderating Variable.

## **B. LITERATURE REVIEW**

### **1. Effect of Audit Tenure on Audit Report Lag (ARL)**

Agency theory explains that the agency relationship between managers and shareholders can lead to conflicts, so corporate governance is expected to reduce the company's business risk by accelerating the audit work carried out by auditors to complete

the auditing of the company's financial statements (Sakka and Jarboui, 2016 in Giyanto and Rohman 2018).

Audit tenure is the length of time a company is a client of a PAF or the size of the PAF's engagement in providing audit services to clients. The results of research by Lee et al. (2009), Dao & Pham (2014), and Habib & Bhuiyan (2011) show that a long audit tenure will cause the audit report lag to be shorter. So, it can be concluded that if a PAF has conducted an audit engagement with a client company for a long time, the company's audit report lag will be shorter. In addition, a long audit report lag will produce good quality financial reports so that users of financial statements can use them. A longer audit tenure will also further increase audit efficiency.

In addition, Dewi & Hadiprajitno's research (2017) proves that tenure audit does not affect audit report lag. This happens if the PAF that provides audit services is the same as the previous year. However, the implementing auditor is different. The auditors still have to re-learn about the client's business so that they will not be able to produce a shorter audit report lag (Lee & Jahng, 2008; Bhoor & Khamees, 2016). However, research by Giyanto & Rohman (2018) strengthens the hypothesis that the longer the PAF's engagement with the client's company, the faster the audit of financial statements conducted by the PAF will be or the quicker the audit report lag.

Based on the differences in the results of previous studies, the following hypothesis is proposed: H<sub>1</sub>: Audit tenure has a negative effect on audit report lag.

## **2. Effect of Public Accounting Firm Size on Audit Report Lag**

Agency theory is the theoretical basis because financial statements cause information asymmetry due to delays in submitting financial statements. Therefore, the role of independent auditors is needed in auditing the company's financial statements (Michael and Rohman, 2017). Companies need the services of an independent auditor who has good quality and reputation and adequate knowledge in conducting the audit process. Therefore, auditors from large PAFs will be considered capable of auditing client companies' financial statements more quickly than auditors from small PAFs.

The results of Triyaningtyas and Sudarno's research (2019) stated that the size of the PAF had a significant adverse effect on audit report lag. This is because the Big Four PAFs are more motivated to accelerate the completion of audit work to maintain the quality and reputation of big names in auditing companies. In addition, Diastiningsih and Tenaya's research (2017) proves that PAF affiliated with big4 in auditing client companies will shorten audit report lag. PAFs affiliated with the Big Four have more qualified, competent, and experienced resources. They have a more comprehensive range of clients to complete audits faster. And besides that, the excellent reputation of PAF affiliated with the Big Four means that their auditors work better so that audits can be more effective and efficient. Big Four PAFs tend to be punctual in completing audit work for companies with extensive 4 PAF services. In addition to maintaining their reputation, Big Four PAFs are also supported by experts who are more technical and technologically advanced than small ones to complete audit work on time.

The results of other studies prove that the size of the PAF does not affect the audit report lag caused because there are companies that do not use the services of the Big Four PAFs and choose to use the services of local PAFs in collaboration with International PAFs. In addition, it does not guarantee that using the benefits of the Big Four PAFs can result in faster audit report lag than companies that use the services of non-Big Four PAFs (Giyanto & Rohman, 2018).

Based on the differences in the results of previous studies, the following hypothesis is proposed: H<sub>2</sub>: PAF size has a negative effect on audit report lag.

### **3. Industrial Auditor Specialization Moderates the Effect of Tenure Audit on Audit Report Lag**

In agency theory, it is necessary to have a third party, namely an independent auditor, to mediate the interests of the agent and the principal. Therefore, an experienced auditor is needed and knows the condition of the client company. Specific knowledge about an industry possessed by specialized auditors can be one of the important things that companies need to consider in choosing an independent auditor.

Industrial specialization auditors can produce a shorter audit report lag than auditors who are not industry specialists (Habib and Bhuiyan (2010). This is due to the knowledge and competence of specialized industrial auditors, which will impact the auditor's understanding of the client's business characteristics. It will create audit efficiency and shorten audit report lag.

Specialization in this study is a moderating variable. The specialization of industrial auditors can moderate the effect of tenure audit on audit report lag, and specialist auditors are considered capable of completing the audit process on financial statements more quickly. Audit report lag will be shorter because auditors predicated as specialists have more knowledge and understanding of specific industries than non-industrial specialist auditors.

The research results by Dewi and Yuyetta (2014) show that the specialization of industrial auditors can moderate the relationship between audit tenure and audit report lag towards a negative coefficient. This is because the longer audit tenure and supported by the specialization of industrial auditors, will shorten the audit report lag. Meanwhile, research by Michael and Rohman (2017) shows that industrial auditor specialization does not moderate the effect of audit tenure on audit report lag. But the study of Dao and Pham (2014) strengthens the hypothesis that proves that auditor industry specialization moderates the effect of short audit tenure on ARL. Based on the differences in the results of previous studies, the following hypothesis is proposed: H<sub>3</sub>: Auditor industry specialization moderates the effect of audit tenure on audit report lag.

### **4. Industrial Auditor Specialization Moderates Effect of PAF Size on Audit Report Lag (ARL)**

PAFs with good reputations are generally large and affiliated with the Big Four. The level of auditor industry specialization is the understanding and ability of the auditors specific to a particular industry which is obtained from the auditors' experiences in auditing and unique pieces of training regarding the auditing of a particular sector to improve the audit quality. The auditor's knowledge is knowledge of auditing and accounting and the type of client industry.

PAFs that join the big four can audit their clients' financial statements faster (Kartika, 2009). PAFs affiliated with the Big Four are more punctual in completing their audits because, in general, PAFs affiliated with the Big Four have the reputation and resources that have exceptional specialists to carry out the obligations of public companies in submitting financial statement information following applicable rules or regulations exists, compared to the Non-Big Four PAFs. The Big Four PAFs do to maintain their reputation is to complete the audit correctly and as quickly as possible.

Diastiningsih and Tenaya (2017) state that auditor specialization moderates the negative effect of PAF size on audit report lag; this is because companies audited by Big4

PAF will shorten audit report lag and can be strengthened by specialization of auditors so that audit report lag will get shorter.

Based on this explanation, it can be said that auditors with industry specialization can identify material misstatements contained in the financial statements better and can conduct audits more efficiently and effectively, and can conduct audits more efficiently and effectively, and can produce better audio quality. This is because auditors with industry specializations know and understand an industry that is superior to non-specialists. Auditor industry specialization moderates the relationship between PAF size and audit report lag. Meanwhile, research by Nurfauziah (2020) proves that the specialization of industrial auditors cannot reconcile the effect of PAF size on audit report lag. Based on the differences in the results of previous studies, the following hypothesis is proposed: H<sub>4</sub>: Spesialisasi industri auditor memoderasi pengaruh Ukuran PAF terhadap audit report lag.

### C. METHOD

#### 1. Population and Sample

The sample in this study is a manufacturing company listed on the Indonesia Stock Exchange (IDX) from 2015-to 2019. The sample companies in this study were 93 companies. The sample selection conducted in this study was purposive sampling.

**Table 1. Research Sample Details**

No	Criteria	Amount
1	Manufacturing companies listed on the IDX in a row from 2015 to 2019	189
2	Manufacturing companies that do not issue independent auditor reports	(7)
3	Manufacturing companies that do not have incomplete financial statements	(56)
4	Companies that do not use rupiah in their financial statements	(30)
5	Manufacturing companies that do not have a financial reporting period ending December 31	(3)
6	Research Sample	93
	<b>Observation data 5 years (93x5)</b>	<b>465</b>
7	Outliers	(112)
	<b>Number of Research Samples Used</b>	<b>353</b>

Source: Processed secondary data, 2021

#### 2. Data Analysis Technique

Data and objects used in research can be viewed and described using descriptive statistics, an analytical method. Descriptive analyses are used in this work, including the following: standard deviation, variance, maximum value, minimum value and total are all included in the calculation of the average (mean) (Ghozali, 2013). Assumption testing is a statistical requirement for multiple linear regression analysis using ordinary least squares (OLS). In OLS, there is only one dependent variable, while for the independent variable, there is more than one. According to Ghozali (2018:159), to determine the model's accuracy, it is necessary to test several classical assumptions, namely, the normality test, multicollinearity test, and heteroscedasticity autocorrelation test. In addition, to test the hypothesis, the coefficient of determination (R Square) and t-test were used.

This study used Multiple Linear Regression Analysis and Moderated Regression Analysis (MRA). The three regression equations in this study are as follows:

$$ARL = \alpha - \beta_1 \text{TENURE} + \beta_2 \text{PAF SIZE} + e \dots\dots\dots (1)$$

$$ARL = \alpha - \beta_1 \text{TENURE} + \beta_2 \text{PAF SIZE} + \beta_3 \text{SPEC} + e \dots\dots\dots (2)$$

$$ARL = \alpha - \beta_1 TENURE + \beta_2 \beta_2 PAF SIZE + \beta_3 SPEC + \beta_4 SPEC * TENURE + \beta_5 SPEC * \beta_2 PAF SIZE + e \dots \dots \dots (3)$$

Information:

$\alpha$	: constant	SPEC*TENURE	: Interaction between tenure audit and industrial auditor specialization
ARL	: <i>Audit Report Lag</i>	SPEC*BIG4	: Interaction between PAF size and industry auditor specialization
TENURE	: <i>Tenure Audit</i>	$\beta$ (1,2, etc.)	: Regression Coefficient
BIG 4	: PAF Size	e	: <i>Standard error</i>
SPEC	: Auditor Industry Specialization		

## D. RESULT AND DISCUSSION

### 1. Descriptive Statistical Analysis

In this test, variables are used, namely Audit Report Lag, audit tenure, PAF size, the relationship between audit tenure and industrial specialization auditors, and the interaction of PAF size and industrial auditor specialization. The dummy variables are audit tenure, PAF size and industrial discipline auditors using a descriptive statistical frequency test.

**Table 2. Descriptive statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Report Lag	353	62.00	100.00	81.3484	6.91181
Tenure Audit	353	.00	1.00	.4023	.49105
PAF Size	353	.00	1.00	.3541	.47892
Industrial Auditor Specialization	353	.00	1.00	.3569	.47978
Tenure* Specialization	353	.00	1.00	.1530	.36047
PAF Size* Specialization	353	.00	1.00	.3541	.47892
Valid N (listwise)	353				

Source: Data Proceed

Table 3 below is a detailed description of the results of the Frequency descriptive test for the dummy data variables used in this study.

**Table 3. Descriptive Statistics of Frequency of Audit Tenure Variables**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tenure $\neq$ 3 year	211	59.8	59.8	59.8
	Tenure = 3 year	142	40.2	40.2	100.0
	Total	353	100.0	100.0	

Source: Data Proceed

Table 3 shows that the sample of companies that have an audit engagement period of 3 years is 142 companies with a percentage of 40.2%, while companies that do not have an audit engagement period of 3 years are 211 companies with a rate of 59.8%.

**Table 4. Descriptive Statistics Variable Frequency PAF Size**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PAF Non-Big 4	228	64,6	64,6	64,6
	Big4	125	35,4	35,4	100,0
	Total	353	100,0	100,0	

Source: Data Proceed

Table 4 shows that the sample of companies that PAF BIG4 has audited is 125 companies with a percentage of 35.4%, while the selection of companies that PAF BIG4 has not audited is 228 companies with a rate of 64.6%. It is shown that the sample of companies that PAF BIG4 has audited is less than that of Non-BIG4.

**Table 5. Descriptive Statistics Variable Frequency Industrial Auditor Specialization**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non Specialization	227	64.3	64.3	64.3
	Specialization	126	35.7	35.7	100.0
Total		353	100.0	100.0	

Source: Data Proceed

Table 5 shows that the sample companies used as clients by industrial specialization auditors are 126 companies, equal to 35.7%. In comparison, the companies made by non-industrial specialization auditors are 227 companies which mean 64.3%. This shows that many auditors are still not specialized in the manufacturing industry.

## 2. Multiple Linear Regression Test Results and Moderated Regression Analysis

Below will be presented the results of multiple linear regression test and moderation regression analysis:

**Table 6. Results of Multiple Linear Regression Analysis (Regression Equation 1) Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	81.532	.539		151.369	.000
1 Audit Tenure	-1.700	.744	-.121	-2.286	.023
PAF Size	1.413	.763	.098	1.852	.065

a. Dependent Variable: Audit Report Lag (Y)

Source: data proceed

Based on the results of the regression analysis of equation 1, the regression model equation is obtained as follows:  $ARL = \alpha - \beta_1 TENURE + \beta_2 PAF\ Size + e.... (1)$

**Table 7. Results of Multiple Linear Regression Analysis (Regression Equation 2) Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	81.527	.538		151.413	.000
Audit Tenure	-1.788	.748	-.127	-2.391	.017
1 PAF Size	-3.022	3.995	-.209	-.756	.450
Industrial Auditor Specialization	4.513	3.992	.313	1.131	.259

a. Dependent Variable: Audit Report Lag (Y)

Source: data proceed

Based on the results of the regression analysis of equation 2, the regression model equation is obtained as follows:  $ARL = \alpha - \beta_1 TENURE - \beta_2 PAF\ Size + \beta_3 SPEC + e.... (2)$

**Table 8. Results of Moderated Regression Analysis (Regression Equation 3)  
 Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
1 (Constant)	82.005	.570			143.860	.000
Audit Tenure	-3.132	.920	-.223		-3.405	.001
PAF Size	5.240	4.792	.363		1.094	.275
Industrial Auditor Specialization	21.126	6.771	1.466		3.120	.002
Tenure* Specialization	3.660	1.525	.191		2.400	.017
PAF Size* Specialization	-26.414	8.333	-1.830		-3.170	.002

a. Dependent Variable: Audit Report Lag (Y)

Source: Data Proceed

Based on the results of the regression analysis of equation 3, the regression model equation is obtained as follows:  $ARL = \alpha - \beta_1TENURE + \beta_2 PAF SIZE + \beta_3SPEC + \beta_4SPEC * TENURE - \beta_5SPEC * BIG4 + e...$  (3)

### 3. Coefficient of Determination Test (R Square)

The model's capacity to explain changes in the dependent variable is measured using the coefficient of determination ( $R^2$ ) (Kuncoro, 2011). The determination coefficient ( $R^2$ ) has a value ranging from 0 to 1. The ability of the independent variables to explain the dependent variable is minimal if  $R^2$  is low. Independent variables have no effect on dependent variables when their correlation coefficient is 0. The independent variable has a perfect effect on the dependent variable if the coefficient of determination is near to 1. Nuisance error is minimized in this model so that  $R^2$  is near 1 and the regression estimate is more accurate.

**Table 9. Coefficient of Determination Test Results**

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.254 <sup>a</sup>	.065	.051	6.73261

a. Predictors: (Constant), PAF Size\* Specialization, Audit Tenure, Tenure\* Specialization, PAF Size, Industrial Auditor Specialization

b. Dependent Variable: Audit Report Lag (Y)

Source: data proceed

Table 9 explains that the coefficient of determination ( $R^2$ ) represents the model's ability to explain variations in the dependent variable (Ghozali, 2016). The R-Square value obtained from the table above is 0.065 or shows a 6.5% variation of the Audit Report Lag (Y) variable that the independent variable can explain in the study. The remaining 93.5% is explained by other variables outside this research model, such as auditor reputation, audit fees, audit opinion, company size etc.

### 4. Individual Parameter Significance (T-Test)

In table 6, the results of the t-test of regression model 1 show that the second test hypothesis, namely the size of the PAF, can be a negative influence on audit report lag, resulting in a positive regression value of 1.413 and a count value of  $1.852 < 1.966$  and a sig value of  $0.065 > 0.05$ . Thus  $H_2$  is rejected, meaning that the size of the PAF does not affect audit report lag.

In table 8, the results of the t-test of regression model 3 show that the third hypothesis, namely the influence of tenure audit and audit report lag, is moderated by the specialization of industrial auditors, which produces a positive regression value of 3.660 and a count value of 2,400 > table 1,966 and a sig value of 0.017 < 0, 05. Thus H3 is accepted, meaning that the specialization of industrial auditors moderates the effect of audit tenure and audit report lag significantly.

In table 8, the results of the t-test of regression model 3 show that the fourth hypothesis is the influence of PAF size on audit report lag moderated by industrial auditor specialization and produces a negative regression value of -26,414 and a count value of -3.170 > t table 1.966 and a sig value of 0.002 < 0,05. Then H4 is accepted, meaning that the effect of PAF size on audit report lag is moderated by the specialization of industrial auditors significantly.

### 5. Hypothesis Testing Results

To test each hypothesis, a partial regression test (t-test) aims to determine how much influence one independent variable has individually in explaining the variation of the dependent variable. The results of hypothesis testing can be seen in the following table:

**Table 14. Hypothesis Testing Results**

Hypothesis	B	t count	t table	Sig.	α	Result
H <sub>1</sub> : Effect of tenure audit on audit report lag	-1.700	-2.286	1.966	0.023	0.05	Accepted
H <sub>2</sub> : Effect of PAF Size on audit report lag	1.413	1.852	1.966	0.065	0.05	Rejected
H <sub>3</sub> : Industrial auditor specialization moderates the influence of tenure audit on audit report lag	3.517	2.335	1.966	0.020	0.05	Accepted
H <sub>4</sub> : Industrial auditor specialization moderates the influence of PAF size on audit report lag	-24.930	-3.034	1.966	0.003	0.05	Accepted

Source: Data Proceed

Research on the first hypothesis suggests that tenure audit has a negative effect on audit report lag. According to the study results, the negative regression value was -1700, the count was -2.286 < t table 1.966, and the sig value was 0.023 < 0.05. Therefore, H1 is accepted, and H0 is rejected; tenure audit has a significant negative effect on audit report lag. Time for the audit carried out by the PAF because the PAF already knows the company's characteristics, so the time to complete the audit will be shorter than if the PAF audits a new client.

Various studies from Dao and Pham (2014), Nurfauziah (2020), Dewi and Yuyetta (2014), and Giyanto and Rohman (2018) reveal that the longer the audit tenure, the easier it will be for auditors to understand and study the client's business so that the audit process can be completed faster and can shorten the time for the occurrence of audit report lag. However, the results of this study are not in line with the research of Mufidah and Lily (2019), Dewi & Hadiprajitno (2017), and Makhabati & Adiwibowo (2019) by stating that the longer the audit tenure, the more negligible effect on audit report lag.

The second hypothesis in this study states that PAF size has a negative effect on audit report lag. According to the study results, the positive regression value was 1.413, the count

was  $1.852 < 1.966$ , and the sig value was  $0.065 > 0.05$ . Thus H2 is rejected, and H0 is accepted; namely, the PAF size does not negatively affect audit report lag. This study indicates that companies audited by PAF Big4 or PAF non-Big4 do not affect audit report lag or the length of time to complete audits in a company. The results of this study are not in line with the research of Diastiningsih & Tenaya (2017), Triyaningtyas & Sudarno (2019), and Rahmawati (2008), which suggests that the PAF size can have a significant effect on audit report lag. However, the results of this study are in line with the results of research by Giyanto & Rohman (2008) and Michael & Rohman (2017), which state that the size of the PAF does not necessarily guarantee the length or shortness of a company's audit report lag.

The results of the partial regression test (t-test) shown in table 8 show that the interaction variable tenure\*Spec has a positive regression value of 3.517 and a count value of  $2.335 > 1.966$ , and a sig value. of  $0.020 < 0.05$ . It is stated that the interaction variable tenure\*Spec is significant at the 5% level, so the decision is H3 is accepted and H0 is rejected. Thus, proving that audit tenure and audit report lag are moderated by auditor specialization significantly.

In line with the research of Dewi and Yuyetta (2014), Diastiningsih and Tenaya (2017), Nurfauziah (2020), Octaviani (2017), and Nurfauziah (2020), the results of this study reveal that the moderation of auditor industry specialization on the relationship between audit tenure and audit report lag results in a shorter audit report lag so that the submission of financial reports are carried out promptly. PAF, which has the predicate of industry specialization, is an added value for auditors to make and develop audit plans better and efficiently according to existing standards and regulations to make the Audit Report Lag shorter. Industry-specialized PAFs will work more professionally to reduce the length of the Audit Report Lag in the early days of the relationship. When the Audit Tenure is longer, the Audit Report Lag gets shorter. The results of this study are not in line with the research of Mufidah and Laily (2019), Giyanto and Rohman (2018), and Michael and Abdul (2017).

The results of the partial regression test (t-test) are shown in Table 8 if the interaction variable Size PAF\*Spec has a negative regression value of -24,930 and a count value of  $-3,034 > 1,966$ , and a sig value. of  $0.003 < 0.05$ . It is stated that the tenure\*Spec interaction variable is significant at the 5% level, so the decision is H4 is accepted and H0 is rejected. Thus, the effect of PAF size on audit report lag has been moderated significantly by auditor specialization. The results of the study show that the presence of an industry specialization auditor can moderate (weaken) the effect of PAF size on audit report lag because companies audited by Big4 PAF in completing audit work will be more timely than companies not audited by Big4. and with the presence of industry-specialized auditors who are considered competent in understanding the client's business, thereby reducing audit report lag.

From the study results, which are in line with the research by Diastiningsih & Tenaya (2017), it is proven that the moderating specialization auditor can strengthen the negative effect of PAF size on audit report lag. This is because the PAF has audited the company and is affiliated with the Big Four, so the audit report lag is shortened and strengthened by the presence of a specialized auditor, so the audit report lag duration is shorter. Technical auditors themselves have experience and significant training who can find out more specific industry conditions so that if the Big Four PAF has specialization auditors in it. Thus, the audit report lag will have a shorter duration. On the other hand, research is not in line with the results of Nurfauziah's (2020) research, which states that industry specialization auditors do not moderate the effect of PAF Size on the Audit Report Lag.

## E. CONCLUSION

Based on the data that has been collected and the results of the regression testing that has been done, namely: (1) The classical assumption test, which was carried out before the hypothesis test, concluded that the research model was free from the classical assumption test, namely following the normality assumption, there were no symptoms of heteroscedasticity, multicollinearity and autocorrelation. The ability of the independent variable to explain the variance of the dependent variable in the research model is only 6.5%; (2) The results of the partial test have been proven. Audit tenure has a negative and significant impact on audit report lag, PAF size has no effect on audit report lag; (3) Industry-specialized auditors significantly moderate the effect of audit tenure and audit report lag; and (4) The impact of PAF size on audit report lag is moderated substantially by industry-specialized auditors.

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