# How Does Audit Report Lag Mediate Solvency And Audit Committee On Financial Statement Integrity?

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**ABSTRACT**
This study aims to examine the effect of solvency and the audit committee on financial statement integrity, with audit report lag as an intervening variable. The research sample consists of manufacturing companies in the food and beverage industry sector listed on the Indonesia Stock Exchange (BEI) during the 2019-2023 period. Data was collected using the purposive sampling method based on specific criteria. The testing method was conducted using multiple linear regression path analysis processed with SPSS. Based on the test results, it is concluded that solvency has no effect on audit report lag or financial statement integrity, indicating that other factors, such as the effectiveness of internal control, play a greater role in determining audit duration and financial statement quality. Conversely, the audit committee has a significant negative effect on audit report lag, indicating that the more active the audit committee is in monitoring and preparing financial statements, the faster the audit process can be completed. Audit report lag has a significant negative effect on financial statement integrity, as audit delays can raise doubts about financial statement transparency. Additionally, the audit committee has a significant positive effect on financial statement integrity, indicating that strict supervision enhances the reliability of financial statements. Audit report lag does not mediate the relationship between solvency and financial statement integrity but does mediate the relationship between the audit committee and financial statement integrity, where an active audit committee can accelerate the audit process and improve financial statement quality.
**Keywords: Solvability, Audit Committee, Audit Report Lag, Financial Statement Integrity**.

## INTRODUCTION

Every company is required to present financial reports as a form of accountability to various parties, both internal and external. This report not only reflects financial position, performance, and cash flow, but is also the main basis for decision making by management, investors, and creditors. Transparency in the presentation of financial statements is a major factor in maintaining stakeholder trust (Solikhah & Suryandani, 2021). Manipulation of financial statements is still a serious issue. Major cases such as Enron, WorldCom, and several companies in Indonesia show that fraud in financial statements can result in loss of investor confidence and a decrease in share value as well as disruption to company stability (AFCE, 2022). These cases underscore the importance of transparency in the audit process, as well as the urgency of paying attention to the length of time auditors take to complete financial statement audits.

One of the factors that affect the integrity of financial statements is company solvency. Companies with high debt levels tend to have an incentive to manipulate reports in order to attract investors or maintain a positive image in the eyes of creditors (Indriani & Wahyono, 2022). This pressure encourages the emergence of aggressive accounting practices and has the potential to reduce the quality of financial statements. (Febriansyah et al., 2023).

In addition, the audit committee plays an important role in maintaining the integrity of financial statements. An effective committee can ensure that financial statements are prepared according to standards and audited accurately (Butar et al., 2021). However, if it is not independent or does not perform its functions properly, delays in the audit process may occur, known as audit report lag (Yolanda & Santoso, 2024).

Audit report lag that is too long can be a negative signal, because it reflects potential problems in the financial statements and reduces the level of public trust in the company (Louw & Indah, 2024). Audit


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report lag is not just a result of the audit process, but can also function as a mediating variable that bridges the relationship between internal company characteristics (such as solvency and audit committee effectiveness) and financial statement integrity. Companies with low solvency or ineffective audit committees are likely to experience longer audit report lags (Pamungkas & Mutiara, 2021). These conditions indicate that auditors need additional time to assess the appropriateness and fairness of the audited report. This makes audit report lag an important indicator in assessing the quality of financial statements as well as a link that explains how internal factors can impact reporting integrity (Indriani & Wahyono, 2022).

Based on the background that has been described, this study examines the effect of solvency and audit committee on audit report lag and how audit report lag mediates the relationship between the two with financial statement integrity. The purpose of this study is to analyse the relationship between these variables to understand the factors that influence financial report transparency. The results of the study are expected to be useful theoretically as a scientific reference and practically for companies in increasing transparency, for auditors in improving audit quality, and for academics in developing studies related to financial statement integrity.

## LITERATUR REVIEW

### Agency Theory

Agency theory explains the relationship between owners (principal) and management (agent), where the separation of ownership and management can lead to conflicts of interest due to differences in objectives and information asymmetry (Meckling & Jensen, 1976). Management is responsible for preparing reliable financial statements, but has the potential to manipulate for their own interests (Indriani & Wahyono, 2022).

### Solvability

Solvency reflects a company's ability to meet its long-term obligations and indicates financial health (Brigham & Houston, 2019). A high level of solvency increases investor and creditor confidence, while low solvency signals greater financial risk (Pamungkas & Mutiara, 2021). One measure is the Debt to Equity Ratio (DER), which illustrates the company's dependence on debt and the potential financial risks faced (Indriani & Wahyono, 2022).

### Audit Committe

The audit committee is formed by the board of directors to oversee financial reporting, auditing, and regulatory compliance (DeZoort et al., 2002). Its meeting frequency reflects the effectiveness of oversight in maintaining the credibility of financial statements as well as the independence of the external auditor (Febriansyah et al., 2023). More frequent meetings improve report quality by identifying and addressing potential problems in reporting, while low meeting frequency can reduce supervisory effectiveness and financial transparency (Arie et al., 2021).

### *Audit Report Lag*

Audit Report Lag (ARL) is the time interval between the end of the financial reporting period and the date of issuance of the audit report by the independent auditor (Ashton et al., 1987). ARL reflects the efficiency of the audit process and is often used as an indicator of the speed of audit completion (Yolanda & Santoso, 2024). The length of ARL can cause delays in the presentation of financial statements, which has an impact on reducing the quality of financial information (Arie et al., 2021). ARL also reflects the duration required for the auditor to complete the audit, prepare the report, and submit it to management before it is published to shareholders, regulators, and the public (Pamungkas & Mutiara, 2021).

### Financial Statement Integrity

The integrity of financial statements reflects reliability, accuracy, and transparency in presenting information according to company conditions (Beest et al., 2009). This integrity depends on compliance with accounting standards, transparency of disclosure, and reporting that is free from manipulation (Butar

et al., 2021). The principle of conservatism helps prevent opportunistic behaviour by ensuring financial statements are not overstated, thereby increasing the transparency and credibility of reports (Fatin & Suzan, 2022).

**The Effect of Solvency on Audit Report Lag**

Solvency, or leverage, reflects a company's ability to meet its long-term obligations and plays a role in financial planning and capitalisation (Brigham & Houston, 2019). Leverage shows the proportion of debt in funding and the ability to pay long-term debt (Fatin & Suzan, 2022). According to agency theory, companies with high solvency have greater confidence to publish their financial statements immediately, thus speeding up the audit process. Conversely, companies with low solvency tend to face longer audits due to the inability to pay debt (Indriani & Wahyono, 2022). Previous research conducted by M. Putri et al., (2024) and Sunarsih et al., (2021) showed a negative effect of solvency on audit report lag. Thus, the proposed hypothesis is:

**H1: Solvency has a negative effect on audit report lag.**

**The Effect of Audit Committee on Audit Report Lag**

The audit committee is formed by the board of commissioners to assist in supervising and reviewing the performance of the independent auditor. The frequency of audit committee meetings reflects the effectiveness of supervision in the company's financial reporting and auditing processes (Febriansyah et al., 2023). According to agency theory, management can delay disclosure of information or manipulate financial reports in its favour. However, the more frequent the audit committee meetings, the more effective the supervision of the audit process, thereby reducing audit report lag and increasing transparency. Research conducted by Rosharlianti & Hanifah, (2023) and Fasha & Ratmono, (2022) shows that the audit committee has a negative effect on audit report lag.

**H2: The audit committee has a negative effect on audit report lag.**

**The Effect of Audit Report Lag on the Integrity of Financial Statements**

Audit report lag, or the delay in audited financial reports, can reduce the relevance and integrity of financial statements. Late information becomes outdated, reducing its quality for investors and creditors (Asriyanti, 2018). According to agency theory, this delay can occur due to a conflict of interest between shareholders and managers, where managers delay disclosure to avoid negative impacts. As a result, transparency decreases, harming timely decision making. Research conducted by Mahendra & Syofyan, (2023) shows that audit report lag has a negative effect on the integrity of financial statements.

**H3: Audit report lag has a negative effect on the integrity of financial statements.**

**The Effect of Solvency on Financial Statement Integrity**

Solvency, or leverage, reflects a company's ability to meet its long-term obligations and is a tool for financial managers in profit planning and capital raising (Brigham & Houston, 2019). Leverage measures the proportion of debt in funding as well as the company's ability to pay off long-term debt (Fatin & Suzan, 2022). According to agency theory, high leverage increases financial risk and can encourage financial statement manipulation. However, leverage can also increase the integrity of financial statements because it demands transparency to creditors (Andini et al., 2024). The higher the leverage, the greater the risk faced, so management seeks to present stable reports (Budiman & Rivandi, 2023). Research conducted by Azizah, (2022) and Arafah & Dewi, (2023) found that leverage has a significant effect on the integrity of financial statements, strengthening the confidence of report users and reducing earnings management incentives.

**H4: Solvency has a positive effect on the integrity of financial statements.**

**The Effect of the Audit Committee on the Integrity of Financial Statements**

The audit committee is formed by the board of commissioners to support the implementation of its duties in maintaining the integrity of financial statements and providing recommendations (Santia &


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Afriyenti, 2019). Its main task is to ensure that financial reports comply with accounting standards and oversee the audit process, both internal and external (Fajar & Nurbaiti, 2020). According to agency theory, the audit committee plays a role in minimising manipulation of financial statements and reducing conflicts between management and shareholders. Research conducted by Istutik et al. (2022) and Sembiring et al. (2022) show that the audit committee has a positive effect on the integrity of financial statements.

**H5: The audit committee has a positive effect on the integrity of financial statements.**

**The Effect of Solvency on Financial Statement Integrity Through Audit Report Lag**

Solvency measures a company's ability to fulfil its long-term obligations. Companies with high solvency tend to publish financial statements faster due to financial stability which facilitates the audit process. Conversely, low solvency increases uncertainty, lengthens the audit process, and potentially reduces the integrity of financial statements. Audit report lag acts as a mediator in the relationship between solvency and financial statement integrity. Companies with low solvency tend to experience longer audit report lags, which can reduce the quality of financial information.

**H6: *Audit report lag mediates the relationship between solvency and financial statement integrity*.**

**The Effect of Audit Committee on Financial Statement Integrity Through Audit Report Lag**

Audit committees play an important role in maintaining the integrity of financial statements through close oversight of the audit process. An effective audit committee can speed up the audit process by improving communication between auditors and management and ensuring that financial statements are prepared in accordance with applicable standards. Audit report lag mediates the effect of the audit committee on the integrity of financial statements. A larger or more experienced audit committee increases oversight of the preparation of financial statements and reduces the audit time required, thereby increasing the transparency of financial statements.

**H7: *Audit report lag mediates the relationship between audit committee and financial statement integrity*.**

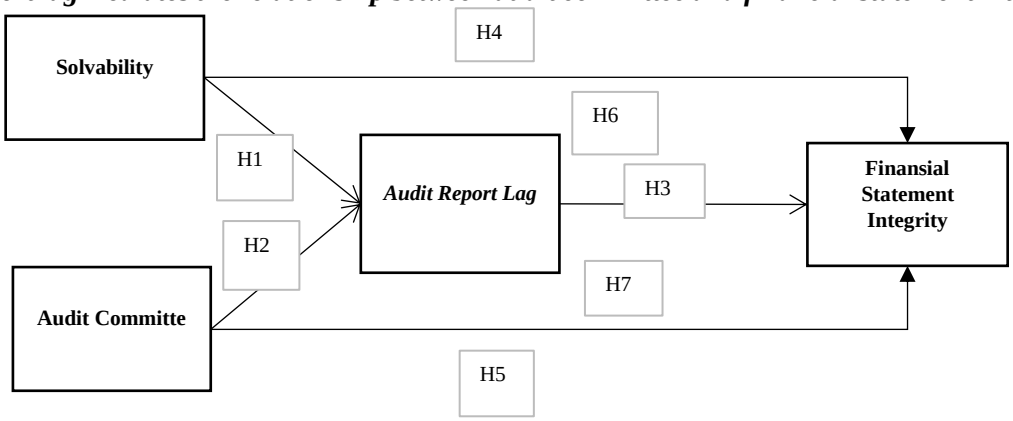


Figure 1. Conceptual Framework

Based on Figure 1 in the conceptual framework above, it can be seen that the independent variables in this study are Solvency and Audit Committee. This study also uses a mediating variable, namely Audit Report Lag. Financial Statement Integrity is the dependent variable, and in this study data analysis techniques are used using Path Analysis. The purpose of this study was to obtain empirical evidence regarding the effect of solvency and audit committee on the integrity of financial statements through audit report lag.

## RESEARCH METHOD

### Type of Research

This research uses quantitative methods with an associative approach to describe the relationship and influence between two or more variables studied.

**Research Population and Sample**

The research population includes manufacturing companies in the food and beverage industry sector listed on the IDX during 2019-2023, with samples selected using purposive sampling techniques based on certain criteria.

**Data Type and Source**

This study uses secondary data obtained from the company's annual financial statements that have been published by the IDX during the 2019-2023 period.

**Operational Definition of Variables**

**Dependent Variable**

Financial Statement Integrity is measured by accounting conservatism, which is the principle of prudence in recognising expenses early and income when it is certain to be received (Charisma & Suryandari, 2021). The formula:

$$CONACC = \frac{(NIO+DEP-CFO)\ x\ (-1)}{Total\ Asset}$$

Where :
NIO = Net Operation Income
DEP = Depreciation
CFO = Operational Cashflow
Total Asset = Total assets of the company

**Independent Variable**

Solvency shows the company's ability to meet long-term obligations and is measured by the Debt to Equity Ratio (DER), namely total liabilities divided by total equity (Pamungkas & Mutiara, 2021; Indriani & Wahyono, 2022). The audit committee helps oversee financial statements and regulatory compliance, measured by the number of meetings in one year (DeZoort et al., 2002).

**Moderation Variable**

Audit Report Lag (ARL) is the time difference between the end of the financial reporting period and the date of issuance of the audit report (Ashton et al., 1987). ARL shows the duration of audit completion and is calculated by the formula.

**ARL = Date of Audited Financial Statements - Date of Company Financial Statements**

**Data Analysis Method**

Data analysis was conducted through descriptive statistics and classical assumption tests including normality, multicollinearity, and heteroscedasticity tests to ensure the reliability of the regression model.

**Path Analysis**

Path analysis is used to evaluate the direct and indirect effects between the independent and dependent variables with a regression model that involves audit report lag as a mediating variable. the regression equation can be formulated as follows:

**Integritas Laporan Keuangan =** $A + B_1 solvabilitas + B_2 komite\ Audit + \varepsilon_1$ ***persamaan***

$Audit\ Report\ Lag = A + B_1 Solvabilitas + B_2 Komite\ Audit + \varepsilon_2$ ***persamaan***

**Integritas Laporan Keuangan =** $A + B_1 audit\ Report\ Lag + B_2 Solvabilitas + B_3 Komite\ Audit + \varepsilon_3$ ***persamaan***

**Hypothesis Testing**

Hypothesis testing includes the F test to assess the simultaneous effect of independent variables, the T test to measure the partial effect, the Sobel test to test the mediation effect, and the coefficient of determination ($R^2$) test to measure the model's ability to explain the dependent variable.


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## ANALYSIS AND DISCUSSION

### Descriptive Statistics

Descriptive statistics were performed on all independent, control, and dependent variables. The descriptive statistics used were: standard deviation, minimum value, maximum value, and mean.

Table 1. Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Solvabilities | 105 | 0.109 | 2.465 | 0.81155 | 0.616074 |
| Audit Quality | 105 | 0 | 10 | 4.67 | 1.561 |
| *Audit Report Lag* | 105 | 52 | 166 | 89.93 | 22.512 |
| Integrity of Financial Reporting | 105 | -0.189 | 0.197 | -0.00734 | 0.066698 |
| Valid N (listwise) | 105 | | | | |

a. Solvency has a minimum value of 0.109 (Wilmar Cahaya Indonesia Tbk - CEKA, 2022) and a maximum of 2.465 (Tunas Baru Lampung Tbk - TBLA, 2022), with an average of 0.812 and a standard deviation of 1.616, indicating an even distribution of the debt to equity ratio.
b. The Audit Committee has a minimum value of 0 (PT Budi Starch & Sweetener Tbk - BUDI, 2021) and a maximum of 10 (Garudafood Putra Putri Jaya Tbk - GOOD, 2021), with an average of 4.67 and a standard deviation of 1.561, indicating that on average companies hold audit committee meetings around 4-5 times per year.
c. Audit Report Lag has a minimum value of 52 days (Multi Bintang Indonesia Tbk - MLBI, 2019) and a maximum of 294 days (Tri Banyan Tirta Tbk - ALTO, 2023), with an average delay in submitting audit reports in the food and beverage sector of 89.93 days.
d. Financial Report Integrity has a minimum value of -1.189 (Wilmar Cahaya Indonesia Tbk - CEKA, 2021) and a maximum of 0.197 (Buyung Poetra Sembada Tbk - HOKI, 2022), with an average of -0.007 and a standard deviation of 0.0667, indicating varying levels of accounting conservatism between companies.

### Normality Test

Normality test whether the data has been normally distributed or not. Normality is tested with Kolmogorov-Smirnov. If the significance value is more than 0.05, then it can be said to be normally distributed.

Table 2. Normality Test Result

**One-Sample Kolmogorov-Smirnov Test**

| | | | Unstandardized Residual |
|---|---|---|---|
| N | | | 105 |
| Normal Parameters[a,b] | Mean | | 0.0000000 |
| | Std. Deviation | | 0.15049998 |
| Most Extreme Differences | Absolute | | 0.070 |
| | Positive | | 0.070 |
| | Negative | | -0.043 |
| Test Statistic | | | 0.070 |
| Asymp. Sig. (2-tailed)[c] | | | .200[d] |
| Monte Carlo Sig. (2-tailed)[e] | Sig. | | 0.236 |
| | | Lower Bound | 0.225 |

| | | |
|---|---|---|
| 99% Confidence Interval | Upper Bound | 0.247 |

Based on the test results presented in table 2 above, it is known that the asymp. sig. (2-tailed) value is 0.200. When compared with the previously established criteria, the asymp. sig. (2-tailed) test result value is greater than the established criteria (0.200>0.05). Based on these results, it can be concluded that the data is normally distributed in this study.

**Multicollinerity Test**

Multicollinearity test is conducted to check the existence of correlation between independent variables in the regression model. Multicollinearity test looks at VlIF to measure how high the tolerance of the regression model is. If the VIF value is > 10, then there is serious multicollinearity in the data regression model.

Table 3. Multicollinearity Test Results

**Coefficients[a]**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Solvabilitas | 0.987 | 1.014 |
| | Komite Audit | 0.675 | 1.482 |
| | *Audit Report Lag* | 0.670 | 1.492 |

a. Dependent Variable: Integritas Laporan Keuangan

Based on the test results in Table 3 above, each variable has a VIF value below 10 and a tolerance value above 0.10. It can be concluded that in the regression model there is no multicollinearity between the independent variables.

**Heteroscedasticity Test**

The heteroscedasticity test aims to determine whether there are inconsistent differences in the residuals between observations in the regression model. The Glejser test is used to detect heteroscedasticity. If the significance value is <0.05, then there is heteroscedasticity, while if >0.05, then there is no heteroscedasticity.

Table 4 Glejser Heteroscedasticity Test Results

**Coefficients[a]**

| Model | | t | Sig. |
|---|---|---|---|
| 1 | (Constant) | 1.455 | 0.149 |
| | Solvabilitas | -1.487 | 0.140 |
| | Komite Audit | -0.309 | 0.758 |
| | *Audit Report Lag* | -0.788 | 0.433 |

a. Dependent Variable: ABS

Based on the test in Table 4.4 above, each variable has a sig>0.05, it can be concluded that there is no heteroscedasticity in the regression model.

**Path Analysis**


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**Path model analysis 1: The Effect of Solvency and Audit Committee on Audit Report Lag**

Table 5 Results of Solvency Model Test and Audit Committee on Audit Report Lag

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 4.954 | 0.075 | | 65.924 | 0.000 |
| | Solvabilities | -0.035 | 0.040 | -0.071 | -0.878 | 0.382 |
| | Audit Committee | -0.098 | 0.014 | -0.564 | -6.944 | 0.000 |

a. Dependent Variable: *Audit Report Lag*

Table 6 Summary Model Results 1

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .574[a] | 0.330 | 0.317 | 0.25520 |

a. Predictors: (Constant), Audit Committee, Solvabilities

b. Dependent Variable: *Audit Report Lag*

In finding the standard error, it can be done in the following way: e1 is $\sqrt{1 - 0.330} = 0.670$. So the standard error of the model path 1 is 0.670

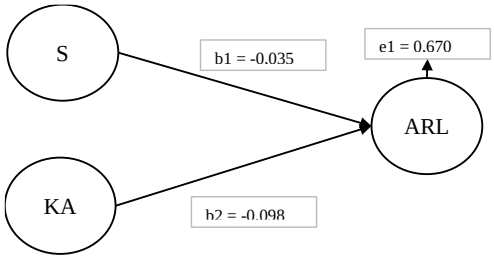



Figure 2 Model I SUB First Structure: Solvency Path Diagram and Audit Committee

The results of the regression equation from the model in Figure 2 are as follows

ARL = 4,945 – 0,035S – 0,098KA + 0,670

**Path model analysis 2: The Effect of Solvency, Audit Committee, and Audit Report Lag on Financial Report Integrity**

Table 7 Results of Solvency Model Test, Audit Committee, and Audit Report Lag on Financial Report Integrity

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 1.262 | 0.297 | | 4.251 | 0.000 |
| | Solvabilities | 0.040 | 0.024 | 0.125 | 1.650 | 0.102 |
| | Audit Committee | 0.022 | 0.010 | 0.200 | 2.173 | 0.032 |
| | *Audit Report Lag* | -0.314 | 0.059 | -0.489 | -5.306 | 0.000 |

a. Dependent Variable: Integrity of Financial Reporting

Table 8 Summary Model II Results

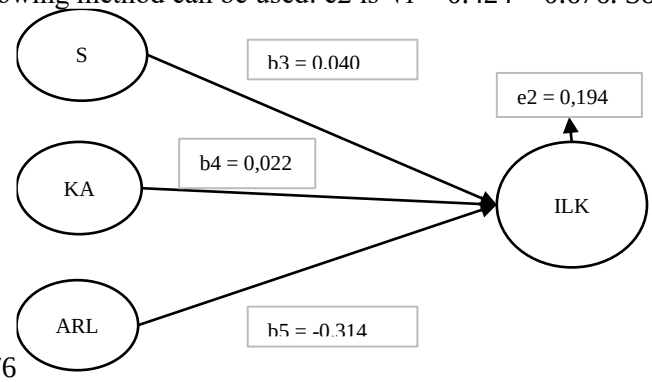
**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .651[a] | 0.424 | 0.407 | 0.15272 |

a. Predictors: (Constant), *Audit Report Lag, Solvency, Audit Committee*

b. Dependent Variable: Integrity of Financial Reporting

In finding the standard error, the following method can be used: e2 is √1 – 0.424 = 0.676. So the




standard error of the model II path is 0.676

Figure 3 Model II SUB Second Structure: Path Diagram of Solvency, Audit Committee, and Audit Report Lag on Financial Report Integrity

The results of the regression equation from model II in Figure 3 are as follows:

ILK = 1,262 + 0,040S + 0,022KA – 0,314ARL + 0,646

**The Role of Audit Report Lag in Mediating the Relationship between Solvency and Audit Committee on Financial Report Integrity**

**Table 9** Direct Effect of Company Size and Financial Performance on Stock Prices

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | -0.295 | 0.051 | | -5.834 | 0.000 |
| | Solvabilitas | 0.051 | 0.027 | 0.160 | 1.882 | 0.063 |
| | Komite Audit | 0.053 | 0.009 | 0.476 | 5.585 | 0.000 |

a. Dependent Variable: Integrity of Financial Reporting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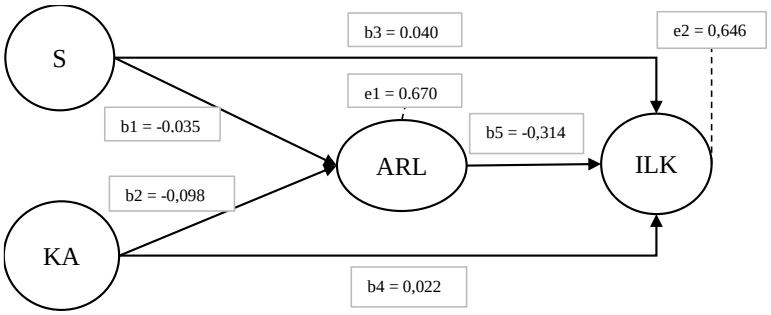


**Figure 4** Model III SUB Third Structure: Path Diagram of Company Size and Financial Performance on Stock Prices Through Idiosyncratic Risk

a. Solvency Against Financial Report Integrity Through Audit Report Lag

The model shows a direct effect of X1 on Y of 0.040, while the indirect effect through Z is calculated from the multiplication of beta X1 on Z and beta Z on Y, which is -0.035 × -0.314 = 0.01099. The total effect is 0.05099. These results indicate that the indirect effect is smaller than the direct effect, so that the mediation of solvency on the integrity of financial statements through audit report lag has no effect.

b. Audit Committee on Financial Report Integrity Through Audit Report Lag

The model also shows a direct effect of X2 on Y of 0.022, while the indirect effect through Z is calculated from the multiplication of beta X2 on Z and beta Z on Y, which is -0.098 × -0.314 = 0.0308. The total effect is 0.0528. These results indicate that the indirect effect is greater than the direct effect, so that the mediation that occurs is partial. Audit quality still affects the integrity of financial statements directly, although audit report lag as a mediating variable also has a significant effect.

**F-Test (Simultan)**

In this study, the F test uses ANOVA. A significance value below 0.05 indicates that the independent variable affects the dependent variable simultaneously. The following are the results of the ANOVA test via SPSS.

Table 5. F-Test Result

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1.737 | 3 | 0.579 | 24.826 | .000[b] |
| | Residual | 2.356 | 101 | 0.023 | | |
| | Total | 4.093 | 104 | | | |

a. Dependent Variable: Integrity of Financial Reporting

b. Predictors: (Constant), *Audit Report Lag*, Solvabilty, Audit Committee

Based on the F test table in Table 10 Simultaneous Test Results above, the F count value is 24.826 with a sig. value of 0.000. The F table value is 2.46. This means that 24.826 > 2.46 or 0.000 < 0.05. So it can be concluded that all independent variables have an impact on the dependent variable simultaneously.

**T Test (Partial)**

T-test (partial test) measures the influence of each independent variable on the dependent variable. A significance value (sig) < 0.05 indicates a significant influence, while a sig value > 0.05 indicates no significant influence.

**a. Model 1: Solvabilities and Audit Committee Against Audit Report Lag**

Table 6 Model I T test Result

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 4.954 | 0.075 | | 65.924 | 0.000 |
| | Solvabilitas | -0.035 | 0.040 | -0.071 | -0.878 | 0.382 |
| | Komite Audit | -0.098 | 0.014 | -0.564 | -6.944 | 0.000 |

a. Dependent Variable: *Audit Report Lag*

The t-test results data for each variable were found, as shown in the table above, namely:

1) Solvabilities (X1)

The Solvabilities variable (X1) on Audit Report Lag produces a t-value of -0.878 with a significance level of 0.000. By using a significance limit or P value of 0.05 (α = 5%), a t-table value of -1.660 is obtained, indicating that t-count> t-table (-0.878> -1.660) or Sig.> 0.05 (0.382> 0.05). Based on the test results, it can be concluded that Solvabilities has no effect on Audit Report Lag. So H0 is accepted and H1 is rejected.

2) Audit Committee (X2)

The Audit Committee variable (X2) on Audit Report Lag produces a t-value of -6.994 with a significance level of 0.000. By using a significance limit or P value of 0.05 (α = 5%), a t-table value of -1.660 is obtained, indicating that t-count> t-table (-6.994 <-1.660) or Sig. <0.05 (0.000 <0.05). Based on the test results, it can be concluded that the Audit Committee has a negative and significant effect on Audit Report Lag. So H0 is rejected and H2 is accepted.

**b. Model 2: Solvabilities and Audit Committee on Financial Report Integrity Through Audit Report Lag**

1) Solvabilities (X1)

Solvabilities variable (X1), produces a tcount value of 1.650 with a significance level of 0.007. By using a significance limit or P value of 0.05 (α = 5%), a t-table value of 1.660 is obtained, indicating that tcount < ttable (1.650 < 1.660) or Sig. > 0.05 (0.102 > 0.05). In conclusion, H4 which states that Solvency has a positive influence on Financial Report Integrity is rejected.

2) Audit Committe (X2)

The Audit Committee variable (X2) produces a t-value of 2.173 with a significance level of 0.032. By using a significance limit or P value of 0.05 (α = 5%), a t-table value of 1.660 is obtained, indicating that t-value > t-table (2.173 > 1.660) or Sig. < 0.05 (0.032 < 0.05). In conclusion, H5, which states that the Audit Committee has a positive influence on the Integrity of Financial Reports, is accepted.

3) *Audit Report Lag* (Z)

Audit Report Lag (Z), produces a t-value of -5.306 with a significance level of 0.000. By using a significance limit or P value of 0.05 (α = 5%), a t-table value of -1.660 is obtained, indicating that t-count < t-table (-5.306 < -1.660) or Sig. < 0.05 (0.000 < 0.05). In conclusion, H3 which states that Audit Report Lag has a negative effect on Financial Report Integrity is accepted.

**Sobel Test**

Sobel test tests the significance of the mediation effect by comparing the calculated t-value and the t-table. If the calculated t is greater than the t table, then the mediating variable has a significant influence in the model.

a. Solvency Against Financial Report Integrity Through Audit Report Lag

The formula for calculating the Sobel test is first to find the value of $S_{ab}$, the calculation formula is as follows

$$S_{ab} = \sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2}$$


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$= \sqrt{(-0{,}314)^2.0{,}040^2 + (-0{,}035)^2.0{,}059^2 + 0{,}040^2.0{,}059^2}$
$= \sqrt{0{,}000157 + 0{,}000004264225 + 0{,}0000055696}$
$= \sqrt{0{,}000167341}$
$= 0{,}012936$

Next, find the t-$_{value}$ formula using the formula below:

$t_{value} = \frac{ab}{Sab}$
$= \frac{-0{,}035.(-0{,}364)}{0{,}012936}$
$= 0{,}851412$

With a ttable value of 1.96 and a tcount value of 0.851412, then t-table > t-value (1.96 > 0.851412). So the conclusion is that $H_6$ which states that Audit Report Lag Does Not Mediate the Relationship between Solvency and Financial Report Integrity is rejected.

b. Audit Committee on Financial Report Integrity Through Audit Report Lag

The formula for calculating the Sobel test is first to find the value of $S_{ab}$, the calculation formula is as follows

$S_{ab} = \sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2}$
$= \sqrt{(-0{,}314)^2.0{,}014^2 + (-0{,}098)^2.0{,}059^2 + 0{,}014^2.0{,}059^2}$
$= \sqrt{0{,}0000195554 + 0{,}0000334902 + 0{,}000000694613}$
$= \sqrt{0{,}0000537403}$
$= 0{,}007331$

Next, find the t-$_{value}$ formula using the formula below:

$T_{value} = \frac{ab}{Sab}$
$= \frac{-0{,}098.(-0{,}314)}{0{,}007331}$
$= 4{,}188624$

With a ttable value of 1.96 and a tcount value of 4.188624, then ttable < tcount (1.96 < 4.188624). So the conclusion is that H7 which states that Audit Report Lag Mediates the Relationship between Company Performance and Financial Report Integrity can be accepted.

**Coefficient of Determination**

The coefficient of determination (R2) is used to measure the ability of the model to explain different dependent variables. The value of the coefficient of determination ranges between 0 and 1.

Table 7 Results of Determination Coefficient Test

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .651[a] | 0.424 | 0.407 | 0.15272 |

a. Predictors: (Constant), *Audit Report Lag*, Solvability, Audit Committee
b. Dependent Variable: Integrity of Financial Reporting

Based on the test results in Table 4.14 Results of the Determination Coefficient Test above, it can be seen that the R Square value is 0.424 or 42.4%, meaning that the independent variable can explain the variation of the dependent variable, namely 42.4%, while the remaining 57.6% is explained by other variables that are not used in this study.

**The Effect of Solvency on Audit Report Lag**

Partial test shows that solvency does not affect audit report lag, so H0 is accepted and H1 is rejected. High or low solvency does not determine the speed of issuance of audited financial reports. Factors

such as audit standards, complexity of financial reports, and management policies play a bigger role than solvency in determining audit duration. In addition, financial reporting regulations must still be complied with, so solvency is not the main factor in audit report lag in manufacturing companies in the food and beverage sub-sector.

**The Influence of the Audit Committee on Audit Report Lag**

Partial test shows that the audit committee has a negative and significant effect on audit report lag with a significance value of 0.000, so H0 is rejected and H2 is accepted. The more often the audit committee holds meetings, the faster the financial statement audit process is completed. This result is consistent with previous studies showing that the frequency of meetings increases the effectiveness of supervision of external auditors and management. In manufacturing companies in the food and beverage sub-sector, the active role of the audit committee reflects a commitment to good governance, transparency, and reducing audit report lag, thereby increasing stakeholder trust in financial statements.

**The Impact of Audit Report Lag on Financial Report Integrity**

Partial test shows that audit report lag has a negative and significant effect on the integrity of financial statements with a significance value of 0.000, so H0 is rejected and H3 is accepted. The longer the audit takes, the lower the integrity of the financial statements, which can reduce stakeholder trust in the quality of financial information. Previous studies have also linked long audit report lags to audit constraints, such as transaction complexity and weaknesses in internal control. In manufacturing companies in the food and beverage sub-sector, minimizing audit report lag reflects a commitment to good governance, transparency, and corporate credibility. Therefore, management needs to improve the effectiveness of financial reporting and coordination with external auditors to maintain the integrity of financial statements.

**The Effect of Solvency on Financial Statement Integrity**

Partial tests show that solvency has no effect on the integrity of financial statements with a significance value of 0.102, so H0 is accepted and H4 is rejected. This indicates that the level of solvency, whether high or low, does not determine the integrity of financial statements. Other factors, such as the quality of internal control, management transparency, and compliance with accounting standards, play a greater role in determining the reliability of financial statements. In manufacturing companies in the food and beverage sub-sector, solvency does not always reflect the level of transparency or accuracy of the financial information presented, so companies with different levels of solvency can have similar financial statement integrity.

**The Effect of the Audit Committee on the Integrity of Financial Statements**

Partial tests show that the audit committee has a positive and significant effect on the integrity of financial statements with a significance value of 0.032, so H0 is rejected and H5 is accepted. This shows that the more active the audit committee, the higher the integrity of the company's financial statements. The existence of an effective audit committee increases transparency and accountability, strengthening stakeholder trust. These results are in line with previous research which states that an active audit committee can reduce errors or manipulations in financial statements. In manufacturing companies in the food and beverage sub-sector, a well-functioning audit committee ensures optimal internal control and transparent reporting. Therefore, companies need to increase the frequency of meetings and the effectiveness of supervision to maintain the integrity of financial statements.

**The Effect of Solvency on Financial Statement Integrity Through Audit Report Lag**

The Sobel test results show that Audit Report Lag does not mediate the relationship between Solvency and Financial Statement Integrity, so H0 is accepted and H6 is rejected. This indicates that the existence of Audit Report Lag does not strengthen or weaken the relationship between the two variables. In addition, because Solvency itself has no significant effect on Financial Statement Integrity, Audit Report Lag also cannot explain the relationship. In manufacturing companies in the food and beverage sub-sector, differences in the duration of the Audit Report Lag do not affect the quality of the resulting financial statements, so that certain levels of solvency can still produce financial reports with the same integrity.


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**The Effect of Audit Committee on Financial Statement Integrity Through Audit Report Lag**

The Sobel test results show that Audit Report Lag is able to mediate the relationship between the Audit Committee and Financial Statement Integrity, so H0 is rejected and H7 is accepted. This indicates that the existence of Audit Report Lag strengthens the relationship between the two variables. Although the Audit Committee still has a significant effect on Financial Statement Integrity without Audit Report Lag, the indirect effect through Audit Report Lag is greater than the direct effect, resulting in partial mediation.Audit Report Lag plays an important role in accelerating the audit process and increasing the transparency of financial statements, especially when the audit committee actively oversees the audit. The faster and more accurate the audit process, the higher the level of integrity of the resulting financial statements. In manufacturing companies in the food and beverage sub-sector, the role of the audit committee in reducing Audit Report Lag can increase stakeholder confidence in financial reports. Therefore, companies need to ensure the effectiveness of the audit committee so that the audit process runs optimally, transparently, and on time.

## CONCLUSION

Based on the results of the study, it can be concluded that solvency has no effect on Audit Report Lag or Financial Statement Integrity, so other factors such as the effectiveness of internal control or company complexity determine the duration of the audit and the quality of financial statements. In contrast, the Audit Committee has a negative effect on Audit Report Lag, where the more active the audit committee is in overseeing and preparing financial reports, the faster the audit process can be completed. Audit Report Lag itself has a negative effect on Financial Statement Integrity, because audit delays can raise doubts about the transparency of financial statements. In addition, the Audit Committee has a positive effect on Financial Statement Integrity, indicating that close supervision can increase the reliability of financial statements. Audit Report Lag is also proven not to mediate the relationship between Solvency and Financial Statement Integrity, but can mediate the relationship between Audit Committee and Financial Statement Integrity, where an active audit committee can speed up the audit process and improve the quality of financial statements.

Based on the conclusions of this study, it is recommended that future research explore other factors that have more influence on Audit Report Lag, such as the effectiveness of internal control, the complexity of company operations, or regulatory pressure. In addition, since Audit Committee has a positive effect on Financial Statement Integrity, future research could examine the role of moderating variables, such as audit committee independence or committee member experience, in strengthening this relationship. Since Audit Report Lag has a negative effect on Financial Statement Integrity, future research could explore how corporate governance mechanisms, such as institutional ownership, board independence, or transparency policies, can minimise the negative impact of Audit Report Lag on financial statement quality.

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