

## Audit Quality Determinant: Adverse Impact of Audit Delay

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### ABSTRACT

*The quality of financial reporting data and investment choices are directly correlated with the quality of the audit. A number of audit quality indicators, including audit committee, audit rotation, and audit delay, are examined as independent variables in food and beverage subsector businesses that are listed on the Indonesia Stock Exchange between 2019 and 2023. Statistical tests using logistic regression on 41 research samples chosen through purposive sampling showed that (1) audit delay negatively affects audit quality, while (2) audit rotation and audit committee do not significantly affect audit quality. These findings highlight the necessity of time management in generating audit reports to maintain optimal audit quality. Overall, the study's findings indicate that the timeliness of audit report delivery is a key component in promoting audit quality.*

### Keywords:

*Audit Committee, Audit Delay, Audit Quality, Audit Rotation.*

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## 1. INTRODUCTION

The determinants of audit quality remain a captivating subject in the accounting literature (Salehi et al., 2019; Samagaio et al., 2024). Audit quality plays a pivotal role in ensuring the production of high-quality financial reports (Wang & Wang, 2025), which serve as a basis for investors' decision-making (Chen & Yang, 2025). This study aims to empirically investigate the impact of audit delay, audit rotation, and audit committee on audit quality in the food and beverage sub-sector during the period 2019-2023. The importance of this research stems from the influence of investor sentiment on their investment decisions, as large-scale divestment can lead to the collapse of a country's stock market. Cordery et al. (2025) reinforce this notion, emphasizing that audit quality is a crucial factor in enhancing accountability and attracting external investment. Several factors motivate this study.

Firstly, stakeholders perceive audit quality as a mechanism to mitigate opportunistic behavior and enhance the efficiency of investment decision-making (Cooray et al., 2022; Zgarni et al., 2016). Consequently, audit quality serves as a crucial milestone for investor confidence in the capital market (Gao et al., 2025). Secondly, the food and beverage sub-sector was selected due to its significant contribution to the national economy (Ramlawati et

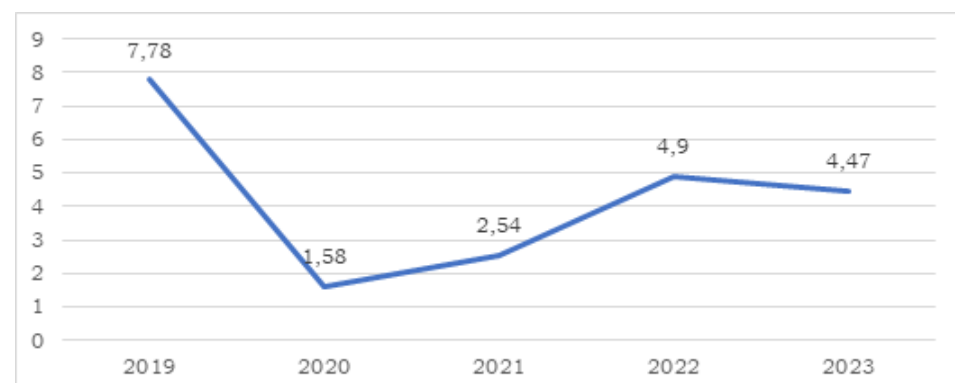


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al., 2022). According to data from the Central Bureau of Statistics (Indonesia), this sub-sector has consistently been the primary driver of the non-oil and gas processing industry's GDP growth from 2021 to 2023. The food and beverage sub-sector also experienced increased growth between 2020 and 2023, attracting substantial investment interest (Dewantari et al., 2019). By 2023, investment realization in this sub-sector is expected to reach IDR 85.1 trillion. As a result, to provide reliable information to potential investors, every company must maintain high-quality financial reports (Amanda & Machdar, 2024). Thirdly, companies in the food and beverage sub-sector are prone to misleading financial reporting, which can adversely affect audit quality.

The Indonesian Fraud Survey conducted by the ACFE (Association of Certified Fraud Examiners) in 2019 identified 22 cases of financial report fraud (ACFE Indonesia, 2019). In 2017, Tiga Pilar Sejahtera Food Ltd (AISA) discovered fund inflation amounting to an estimated IDR 4 trillion in several accounts within its financial report. This fraud was uncovered following the transition from the public accounting firm Amir Abadi Jusuf, Aryanto, Mawar & Partner to Ernest & Young. The investigation revealed that the Amir Abadi Jusuf, Aryanto, Mawar & Partner Public Accounting Firm had been providing audit services to the company since 2004. The fraud resulted in financial losses for several investors and tarnished the company's image and credibility (Lestari & Jayanti, 2021). Furthermore, some companies in the food and beverage sub-sector have been submitting audited financial reports beyond the four-month deadline. Notably, Dua Putra Utama Makmur Ltd experienced financial reporting delays for four consecutive years from 2019 to 2022.

Based on the aforementioned motivations and phenomena, three primary factors determine audit quality in the food and beverage sub-sector: audit delay, audit rotation, and audit committee. Audit delay (Darmawan & Ardini, 2021; Permatasari & Astuti, 2018), audit rotation (Dayanandan & Kuntluru, 2023; Kalanjati et al., 2019), and audit committee (Elmashtawy et al., 2024; Vadasi et al., 2021) are intriguing variables to investigate in



**Figure 1**  
**Food and Beverage Subsector Growth 2019-2023**

the context of food and beverage sub-sector companies, particularly due to the inconclusive nature of existing research findings. The impact of these three variables on audit quality can be elucidated through the lens of agency theory and signaling theory. Agency theory posits that the audit committee serves as a mechanism to mitigate opportunistic behavior by agents (Rahaman et al., 2025), while signaling theory suggests that audit delay and audit committee function as signals of audit quality (Bagonza et al., 2024).

Despite the extensive research on audit quality, previous study findings remain inconclusive, warranting further investigation. While the topic of audit quality is relatively saturated, with numerous generic antecedents associated with the variable, recent studies have demonstrated the continued relevance of this topic by introducing new variables or exploring different contexts, such as technological advancements and the impact of Covid-19 (Alharasis, 2023; Alharasis et al., 2024; Cho et al., 2025). Alharasis et al. (2024) and Bepari et al. (2024) investigated the relationship between key audit matters (KAM) and audit quality. Other studies have examined variables such as hours allocated to year-round auditing procedures (Kim et al., 2024), auditor mood (Xu et al., 2024), soft skills (Samagaio et al., 2024), auditor–client geographic proximity (Rahaman et al., 2025) and audit committee–auditor communication (Cho et al., 2025; Wang & Wang, 2025). Additionally, researchers have explored the integration of technology and audit quality, including video conferencing (Cho et al., 2025), remote auditing (Al Shbail et al., 2025), adoption of AI (Rahman et al., 2024), and intelligent manufacturing (Chen & Yang, 2025). In contrast to previous studies that focused on new variables, this study re-examines generic variables that have been extensively researched, namely audit delay, audit rotation, and audit committee.

This study revisits these variables to provide a deeper perspective on the government’s role in establishing and improving audit quality, particularly in emerging markets. Indonesia’s economy is still considered a fluctuating market that tends to swing with regulatory changes. Audit delay, audit rotation, and audit committee are variables heavily influenced by government regulations, which can be either beneficial or detrimental to audit quality. Several studies have documented that regulatory reforms in a nation tend to focus on changing audit report timelines, audit rotation, and audit jurisdiction (Castillo-Merino et al., 2024; Cordery et al., 2025), and these reforms have an ambiguous impact on audit quality (Bradbury & Kim, 2024; Nguyen et al., 2023). Therefore, this study reexamines audit delay, audit rotation, and audit committee in the context of food and beverage sector companies during the 2019-2023 timeline.

Using logistic regression, this study provides empirical evidence of a negative and significant effect of audit delay on audit quality. In contrast, audit rotation and audit committee do not significantly influence audit quality. Based on the empirical

evidence obtained, this study makes two contributions. First, the timeliness of financial report submission to investors and stakeholders is a crucial determinant of the audit quality provided by public accounting firms. The government is deemed necessary to increase the stringency of financial report submission deadlines, particularly for companies in the food and beverage sub-sector. Second, given the insignificant effect of audit rotation and audit committee, the government needs to review the regulations related to these two variables. The government can introduce additional rules that prohibit pseudo audit rotation. Furthermore, policymakers can reassess the regulations concerning the minimum number of audit committee members and the frequency of meetings held during a year. Increasing the number of members and meetings of the audit committee is essential to enhance the function of this entity in improving the audit quality of external auditors.

## **2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Agency Theory**

Audits serve as a medium of transparency and accountability, providing assurance to stakeholders regarding the accuracy and reliability of financial reports (Rahaman et al., 2025). In this context, audit quality is a crucial aspect that can be explained through the lens of agency theory. Agency theory describes the relationship between the agent, who acts as a fund manager, and the principal, who is the fund owner. Jensen & Meckling (1976) further elaborate on agency theory, explaining the relationship between shareholders, who act as principals, and management, who serve as agents. This theory illustrates how management is granted the authority by shareholders to carry out activities and make decisions within the company, with the objective of fulfilling shareholder interests.

To mitigate conflicts of interest between management and shareholders, a neutral party is required to oversee management and prevent fraudulent activities. Auditors serve as the intermediary between the principal and management, examining the financial statements prepared by management to ensure their quality and usefulness for the principal and other stakeholders. However, to maintain auditor independence during the audit process, it is essential to rotate auditors periodically. Regular auditor rotation is expected to reduce the likelihood of auditor fraud and enhance audit quality. In addition to auditors, the audit committee, a neutral party appointed by the company's board of commissioners, plays a crucial role in assisting with the supervisory function of management activities. The presence of an audit committee is anticipated to minimize the potential for management fraud, ensuring the credibility and accuracy of published financial statements (Yolanda et al., 2019). This, in turn, reduces information asymmetry, as the audit committee oversees the entire process from the reporting stage to the audit phase.

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## Signaling Theory

Signaling theory, as proposed by Spence (1973), elucidates how companies communicate signals or news to external stakeholders. This theory underscores the significance of the information provided by the company to external parties, as it serves as a foundation for investment decision-making. Such information is crucial because potential investors can assess the company's past performance and future prospects, enabling them to conduct thorough analyses before making investment decisions (Elvienne & Apriwenni, 2019). Auditors play a vital role in this process by providing and evaluating the fairness of the information. They are entrusted with the responsibility of reducing financial misstatements in financial reports by conducting audit assignments in accordance with regulations and standards (Bagonza et al., 2024). Consequently, quality audits can be categorized as a form of signal.

Signaling theory posits that signals are cues provided by management to external parties concerning the company's current condition and future potential. This theory is relevant to the duration of the audit process undertaken by the company. In the context of the audit process, companies experiencing losses or exhibiting indications of poor financial health tend to delay financial reporting to reassess their financial situation. During this process, auditors must exercise caution in conducting the audit to ensure the accuracy of the information obtained. Conversely, if the company is profitable, it will strive to expedite the audit process to ensure that the information is promptly received by prospective investors (Dewi & Wiratmaja, 2017). Consequently, the time invested in the audit process plays a crucial role, as it can shape investor perceptions regarding the company's future prospects.

## Audit Delay and Audit Quality

Audit delay is defined as the difference in the number of calendar days between the end of the fiscal year and the date of the audit report (Meckfessel & Sellers, 2017). Audit delay is a detrimental factor for audit quality, as it reduces the timeliness and informational value of financial statements (Lin et al., 2025). However, audit delay can also be considered an indicator of good audit quality, as auditors prioritize caution in the audit process, leading to delays in delivering audit results (Harjoto & Laksmana, 2023). Mnif & Kchaou (2023) support this notion, suggesting that delay is an indicator of the provision of quality assurance services. In certain contexts, such as the Covid-19 pandemic, audit delays may occur due to extraordinary events (Harjoto & Laksmana, 2022). From the directors' perspective, they prioritize higher certainty and are less concerned with the pressure to avoid reporting delays compared to the pressure to protect their reputation as effective monitors (Harjoto et al., 2015). Conversely, investors, practitioners, and regulators view audit delay as a red flag indicator of audit quality (Chen et al., 2022), as it negatively impacts the effectiveness of financial statement information (Rusmin & Evans, 2017). Darmawan & Ardini (2021) found that audit delay has a negative



effect on audit quality, while Permatasari & Astuti (2018) reported contradictory results, indicating a positive effect. Based on these arguments, the following research hypothesis is formulated:

H1: Audit delay has a negative effect on audit quality.

#### **Audit Rotation and Audit Quality**

The impact of audit rotation on audit quality remains a subject of debate (Dayanandan & Kuntluru, 2023; Kamarudin et al., 2022). Mostafa Mohamed & Hussien Habib (2013) argue that mandatory audit rotation is a solution to the independence issue for auditors in general, although the rules regarding the timing of audit rotation vary (Kamarudin et al., 2022). Auditor rotation is considered a crucial medium to enhance auditor independence, strengthen audit quality, increase audit market competition, and reduce audit costs (Dayanandan & Kuntluru, 2023; Xiao et al., 2023). Dayanandan & Kuntluru (2023) documented the negative effect of audit rotation on audit quality. Conversely, Kalanjati et al. (2019) found mixed results regarding the impact of audit rotation on audit quality. The cumulative number of audit partner rotations was proven to enhance audit quality, while the cumulative number of audit firm rotations negatively affected audit quality. The lack of empirical evidence and ongoing debate on the effect of audit rotation on audit quality primarily stem from the difficulty in distinguishing between mandatory and voluntary rotation (Fan et al., 2024). Tessema & Abou-El-Sood (2023) infer that, in the banking sector, banks that voluntarily rotate auditors are perceived by investors as more committed to obtaining high-quality audits compared to those that are required to do so. Despite the unclear link between audit rotation and audit quality, audit rotation is generally considered crucial for improving audit quality and enhancing trust in the audit process (Malagila et al., 2020). Based on the aforementioned statements, the research hypothesis is as follows:

H2: Audit rotation has a positive effect on audit quality.

#### **Audit Committee and Audit Quality**

The Audit Committee is a crucial factor in promoting audit quality (Alaamri et al., 2024). The primary function of the audit committee is to oversee and review the completeness and clarity of financial reports (Mardessi, 2022). By reducing the practice of creative accounting and strengthening financial report quality (Abed et al., 2022), the audit committee also contributes to the enhancement of audit quality. In this context, it is essential for the audit committee to maintain its independence, considering their responsibility in supervising external auditors (Harymawan et al., 2025). Although auditors have a fundamental duty to conduct high-quality audits, the chairman of the audit committee also plays a crucial role in monitoring the work of auditors (Cheung & Lai, 2024). Through its supervisory function, the audit committee can ensure that management and internal auditors work professionally, thereby reducing the risk of financial report manipulation and increasing

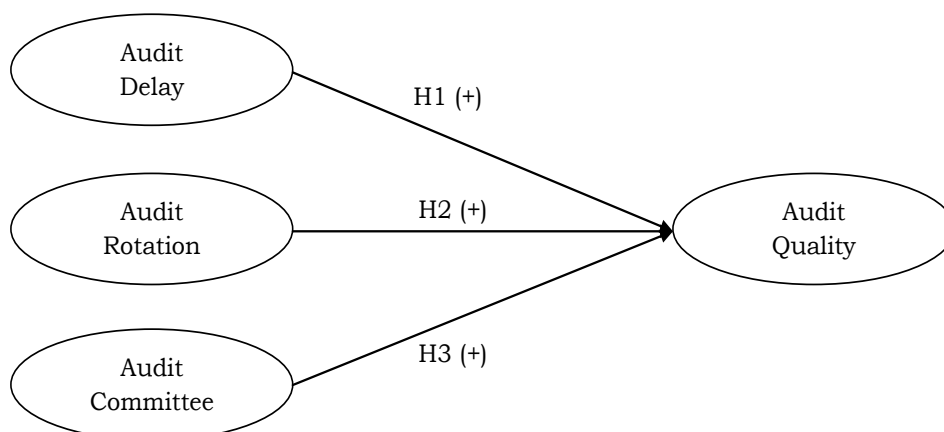
the credibility of the presented financial information. This aligns with agency theory, which posits that the existence of an audit committee can mitigate information asymmetry, as the financial information presented can be trusted and relied upon due to the audit committee's supervision from the reporting stage to the audit execution. However, investors and managers in emerging markets often perceive audit committees as merely a legal requirement, leading board members to view their role as ceremonial (Kalita & Tiwari, 2023). While research conducted by Elmashtawy et al. (2024) and Lailatula & Yanthi (2021) demonstrates the positive effect of audit committees on audit quality, Vadasi et al. (2021) found empirical evidence suggesting that audit committees have no impact on audit quality. Thus, our hypothesis is:

H3: Audit committee has a positive effect on audit quality.

### **3. RESEARCH METHODS**

#### **Population and Sample**

The study population comprises food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. This period was selected as it encompasses the most recent data relevant to assessing the current state of audit quality. The data reflects significant regulatory changes, market dynamics, and industry trends in recent years. During this period, particularly in 2020 and 2021, the COVID-19 pandemic exerted immense pressure on the business world, including the audit process. Examining this period offers insights into how the pandemic has influenced audit quality and auditors' responses to these challenges. Moreover, a five-year study enables the evaluation of the auditor rotation policy's effectiveness and its contribution to audit quality. The data collection technique employed in this study is documentation, which involves recording, collecting, and reviewing data obtained from the annual reports of food and beverage sub-sector companies listed on the Indonesia Stock Exchange. The data was acquired from the respective companies' websites and the website [www.idx.co.id](http://www.idx.co.id), resulting in a population



**Figure 2**  
**Research Framework**

## Audit Quality Determinant

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of 54 companies. The sample selection in this study was based on the purposive sampling method with the following criteria:

Based on these criteria, 41 companies were identified as eligible for inclusion in the study. As the research was conducted over a five-year period, a total of 205 data points were utilized in the analysis.

### Variable Definition and Measurement

#### Audit Delay

Meckfessel & Sellers (2017) define audit delay as the time taken by the auditor to complete the audit process. In this study, audit delay is measured from the end of the company's fiscal year until the date of the audit report's issuance (Rachmawati, 2008).

Audit Delay = Audit Report Date – Financial Report Book Closing Date

#### Audit Rotation

Audit rotation refers to the change of auditors responsible for auditing the financial statements of the client company (Dayanandan & Kuntluru, 2023). In this study, the audit rotation variable is measured using a dummy variable, where a value of 1 is assigned to companies that change auditors and a value of 0 is assigned to companies that do not change auditors (Tessema & Abou-El-Sood (2023).

#### Audit Committee

The audit committee is a committee established by the company's board of commissioners to assist in executing the functions and duties of the board of commissioners (Zgarni et al., 2016). In each period, the audit committee is required to hold regular meetings at least once every three months. The number of meetings conducted annually can serve as an indicator of the audit committee's activity. This is because more frequent meetings between the audit committee and management facilitate interaction with the company's internal affairs, enabling the committee to provide advice and assistance regarding issues faced by the company

**Table 1. Sample Selection Criteria**

No	Criteria	Amount
1	Food and beverage sub-sector companies consistently listed on the Indonesia Stock Exchange from 2019 to 2023.	54
2	The company publishes audited annual reports during the research period.	(4)
3	The company's annual reports for the 2019-2023 period must be presented in Indonesian Rupiah (IDR).	(2)
4	The company must have complete data for measuring the research variables.	(7)
5	The final sample consists of companies that meet all the aforementioned criteria.	41

Source: Data Processed



(Harymawan et al., 2025). In this study, the audit committee variable is measured using the number of meetings held in each company, drawing on the approaches employed by Elmashtawy et al. (2024) and Mardessi (2022).

### **Audit Quality**

Audit quality refers to the likelihood of an auditor detecting and reporting misstatements in a client company's financial statements (Salehi et al., 2019). This study employs the earnings surprise benchmark method to measure audit quality, which determines whether a company falls within the benchmark, serving as an indicator of earnings management. The measurement of audit quality utilizes the Return on Assets (ROA) value for each company, assessing its inclusion in the benchmark. The benchmark is defined as  $\mu - \sigma < ROA < \mu + \sigma$ , where  $\mu$  represents the average ROA value of all sample companies, and  $\sigma$  denotes the standard deviation. The variables are measured using dummy variables, assigning a value of 1 to companies with ROA values within the benchmark criteria ( $\mu - \sigma < ROA < \mu + \sigma$ ) and a value of 0 to those outside the benchmark ( $ROA > \mu + \sigma$  or  $ROA < \mu - \sigma$ ) (Aqmarina & Yendrawati, 2019).

### **Data Analysis Techniques**

The study employs descriptive statistics and logistic regression tests as data analysis techniques. Descriptive statistics provide a summary of the data, including mean, maximum value, minimum value, standard deviation, range, sum, kurtosis, and skewness. This method aims to analyze the collected data and draw general conclusions by first describing and depicting the results of data processing. Logistic regression is a regression method employed when the dependent variable is categorical or binary. The regression equation used in this study is as follows:

$$\text{AudQual}_{i,t} = \alpha + \beta_1 \text{AudDel}_{i,t} + \beta_2 \text{AudRot}_{i,t} + \beta_3 \text{AudCom}_{i,t} + \varepsilon_{i,t}$$

where:

$\text{AudQual}_{i,t}$  = Audit Quality of firm i in year t

$\text{AudDel}_{i,t}$  = Audit Delay of firm i in year t

$\text{AudRot}_{i,t}$  = Audit Rotation of firm i in year t

$\text{AudCom}_{i,t}$  = Audit Committee of firm i in year t

In this study, the dependent variable is measured using a nominal scale, resulting in a categorical form. Logistic regression possesses the ability to predict the probability of a category based on the independent variables utilized. Moreover, one of the advantages of the logistic regression test is that it does not necessitate a normality assumption test on the independent variables, making it more flexible compared to linear regression analysis, which requires normally distributed data. The entire data analysis process was conducted using IBM SPSS 25.

**Table 2. Descriptive Statistical Test Results**

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Delay	205	49	235	90.06	26.332
Audit Rotation	205	0	1	0.326	0.470
Audit Committee	205	0	43	6.03	4.876
Audit Quality	205	0	1	0.83	0.377

Source: Data Processed, 2024

**Table 3. Hosmer and Lemeshow's Goodness of Fit Test Results**

Step	Chi-square	Df	Sig.
1	8.212	8	0.413

Source: Data Processed, 2024

**Table 4. Overall Model Fit Test Results**

Uji Overall Model Fit Test Awal	Uji Overall Model Fit Test Akhir
187.388	169.193

Source: Data Processed, 2024

## **4. RESULTS AND DISCUSSION**

### **Descriptive Statistical Test**

According to Table 2, the fastest audit delay (X1) was 49 days, observed for Dharma Satya Nusantara Ltd (DSNG) in 2021. Conversely, the longest audit delay of 235 days occurred at Dua Putra Utama Makmur Ltd (DPUM) in 2020. The audit rotation variable (X2) exhibits an average of 0.326, which is lower than 0.50, indicating that the most frequent value for this variable is 0, representing companies that did not change auditors. Out of the 205 data points analyzed, 32.6% of companies changed auditors, while the remaining 67.4% did not.

The audit committee variable (X3) is measured by the number of meetings held by the company annually. Tiga Pilar Sejahtera Food Ltd (AISA) in 2019, Mulia Boga Raya Ltd (KEJU) in 2019, and Siantar Top Ltd (STTP) in 2023 had the fewest meetings, with no audit committee meetings conducted. In contrast, Charoen Pokphand Indonesia Ltd (CPIN) held the most meetings in 2023, with 43 meetings per year. Audit quality (Y) demonstrated an average of 0.83, exceeding 0.50, suggesting that more companies met the benchmark criteria compared to those that did not. Among the 205 data points examined, 83% of companies exhibited good audit quality, while the remaining 17% displayed poor audit quality.

### **Logistic Regression Test**

#### **Regression Model Goodness of Fit Test Results**

According to Table 3, the Hosmer and Lemeshow's Goodness of Fit Test yields a significance value of 0.413. This value exceeds the threshold of 0.005, indicating that the null hypothesis is accepted, as the model is capable of predicting the observation value. Consequently, the model is suitable for further analysis.

**Table 5. Nagelkerke R Square Test Results**

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	169.193 <sup>a</sup>	0.085	0.142

Source: Data Processed, 2024

**Table 6. Classification Matrix Test Results**

Observed			Predicted		
			Audit Quality		Percentage Correct
			Poor Audit Quality	Good Audit Quality	
Step 1	Audit Quality	Poor Audit Quality	2	33	5.7
		Good Audit Quality	1	169	99.4
	Overall Percentage				

Source: Data Processed, 2024

**Table 7. Hypothesis Test Results**

	Beta	Sig.	Exp (B)
<b>H1:</b> Audit Delay → Audit Quality	-0.025	0.000	0.975
<b>H2:</b> Audit Rotation → Audit Quality	0.070	0.869	1.072
<b>H3:</b> Audit Committee → Audit Quality	0.107	0.161	1.113

Source: Data Processed, 2024

### Overall Model Fit Test

As shown in Table 4, the final -2 Log Likelihood value is 169.193, which is lower than the initial -2 Log Likelihood value of 187.388. This decrease indicates that the regression model is well-fitting, as the hypothesized model aligns with the data, demonstrating a good fit.

### Results of Coefficient of Determination Test (Nagelkerke R Square)

The Nagelkerke R Square value of 0.142 indicates that the independent variables collectively contribute 14.2% to the variation in the dependent variable. The remaining 85.8% can be attributed to other independent variables not included in the research model. Given that the results are close to 0 or have a small value, the independent variables' ability to explain the variation in the dependent variable is highly limited.

### Classification Matrix

Table 6 presents the results of the classification matrix test, revealing that 170 data points exhibit good audit quality, while the model predicts 169 data points to have good audit quality. Thus, the model's accuracy in predicting good audit quality is 169/170 or 99.4%. Conversely, according to observations, 35 data points have poor audit quality, whereas the model predicts only 2 data points to have poor audit quality. Consequently, the model's accuracy in

**Hypothesis Test**

The results of the first hypothesis test (H1) reveal that Audit Delay has a significant negative impact on Audit Quality, as indicated by the beta coefficient value of -0.025 with a significance level of 0.000 ( $p < 0.05$ ). The Exp(B) value of 0.975 suggests that a one-unit increase in Audit Delay reduces the odds of achieving good Audit Quality by 0.975 times. In other words, the longer the Audit Delay, the lower the Audit Quality. This finding supports the first hypothesis (H1), which posits that Audit Delay negatively affects Audit Quality.

The second hypothesis test (H2) results demonstrate that Audit Rotation does not significantly influence Audit Quality, as evidenced by the beta coefficient value of 0.070 with a significance level of 0.869 ( $p > 0.05$ ). The Exp(B) value of 1.072 indicates that Audit Rotation does not substantially impact the likelihood of attaining good Audit Quality. Consequently, the second hypothesis (H2), which proposes that Audit Rotation affects Audit Quality, is not supported by the study's findings.

The third hypothesis test (H3) results show that the Audit Committee does not exert a significant effect on Audit Quality, as demonstrated by the beta coefficient value of 0.107 and a significance level of 0.161 ( $p > 0.05$ ). The Exp(B) value of 1.113 suggests that the presence of the Audit Committee does not markedly enhance the probability of achieving good Audit Quality. Thus, the third hypothesis (H3), which asserts that the Audit Committee influences Audit Quality, is not supported by the study's results.

In summary, the hypothesis test results indicate that only Audit Delay significantly impacts Audit Quality, while Audit Rotation and the Audit Committee do not exhibit a significant influence. This finding implies that to enhance Audit Quality, companies should focus on the Audit Delay factor and endeavour to minimize the audit completion time. Conversely, the Audit Rotation and Audit Committee factors appear to be less effective in shaping Audit Quality among food and beverage sub-sector companies listed on the Indonesia Stock Exchange during the 2019-2023 period.

**The Effect of Audit Delay on Audit Quality**

Audit delay has been demonstrated to have a significant negative impact on audit quality. This finding aligns with Darmawan & Ardini (2021), who posited that the greater the audit delay within a company, the lower the audit quality. This is attributable to the fact that the longer a company takes to issue an audit report to shareholders, the more it diminishes the relevance of the financial report. A prolonged audit delay also exacerbates the information asymmetry between management and principals, as well as other stakeholders, thereby intensifying conflicts of interest (Chen et al., 2022). Such a delay can create opportunities for certain parties

to engage in fraudulent activities, which can adversely affect the quality of the audit. This is consistent with signal theory, which suggests that companies experiencing losses or exhibiting indications of poor financial health tend to delay financial reporting to re-examine their financial condition. Conversely, if a company is in a profitable position, it will endeavor to expedite the audit process to ensure that the information is promptly received by potential investors (Dewi & Wiratmaja, 2017). Consequently, the time consumed in the audit process plays a crucial role, as it can shape investor perceptions regarding the company's future prospects.

In contrast to research conducted by Sitompul et al. (2021) and Nurgina & Nurmalina (2024), which stated that audit delay does not affect audit quality, data on audit delay in food and beverage sub-sector companies during the 2019-2023 period reveals that only 10.73% of companies were late in submitting their financial reports. This result is relatively low, as the percentage is less than 50%. The data indicates that companies in the food and beverage sub-sector have completed the audit process on their financial statements within 120 days. This condition supports the study's findings, which suggest that a faster completion period of the audit process leads to better audit quality. The rationale behind this is that the late submission of a company's financial statements can increase the likelihood of inaccuracies or manipulation in the financial statements, thereby reducing the credibility of the report. Therefore, it is crucial for auditors to enhance efficiency in conducting the audit process to maintain audit quality.

### **The Effect of Audit Rotation on Audit Quality**

The results of statistical testing reveal that audit rotation does not have a significant effect on audit quality. These findings are consistent with the research conducted by Darmawan & Ardini (2021) and Lailatula & Yanthi (2021), which concluded that audit rotation did not influence audit quality. Lailatula & Yanthi (2021) argued that each auditor is presumed to possess comprehensive audit procedures and adhere to the professional code of ethics when assessing the condition of each client. Thus, external parties are not overly concerned about whether the auditor providing the audit opinion has changed or not. This is because each auditor is expected to bear the responsibility of detecting and reporting misstatements in the company's financial statements. This responsibility is enshrined in audit standard number 240, which governs the auditor's obligation to identify and obtain evidence of misstatements or fraud in the company's financial statements (Audit Standard 240 (Revised 2021) of 2021 concerning Auditor Responsibilities Relating to Fraud in an Audit of Financial Statements). Therefore, even if a company does not undergo audit rotation, as long as the implemented procedures comply with applicable standards, audit quality can be maintained and remain unaffected by auditor changes. These findings differ from the

research results of (Permatasari & Astuti, 2018), which suggest that the audit rotation variable influences audit quality.

According to data on auditor changes in food and beverage sub-sector companies for the 2019-2023 period, companies, on average, routinely change auditors every three years. This change is in compliance with Financial Services Authority Regulation Number 9 of 2023 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities, which mandates that each public accountant is permitted to audit a company's financial statements for a maximum of seven consecutive years. The data, however, does not support the research findings that suggest audit rotation has no bearing on audit quality. This discrepancy may be attributed to the possibility that the outgoing auditor did not transfer information to the incoming auditor due to the principle of confidentiality, thereby hindering the new auditor's ability to gather comprehensive information about the company's condition within a limited timeframe. Consequently, the collected information may be inaccurate and fail to reflect the company's actual state. Dayanandan & Kuntluru (2023) contend that audit rotation is often perceived as a mere formality to comply with regulations, thus having no direct impact on audit quality.

#### **The Effect of the Audit Committee on Audit Quality**

The audit committee has been empirically proven to have no significant effect on audit quality in food and beverage sub-sector companies. The results of this study are consistent with the research of Fadhilah & Halmawati (2021), Handayani & Setiawan (2024) and Vadasi et al. (2021), which assert that the audit committee does not influence audit quality. According to Fadhilah & Halmawati (2021), the presence of an audit committee in a company serves solely to fulfill the requirements of the Regulation of the Financial Services Authority of the Republic of Indonesia Number 55/POJK.04/2015 concerning the Establishment and Guidelines for the Implementation of the Work of the Audit Committee. Kalita & Tiwari (2023) contend that investors and managers in emerging markets often perceive the audit committee as a mere legal prerequisite. Consequently, board members frequently regard their role as merely ceremonial. This explains why the audit committee is not a determining factor of audit quality, particularly in emerging markets. The findings of this study contradict the conclusions of Elmashtawy et al. (2024) and Lailatula & Yanthi (2021).

Food and beverage sub-sector companies in the 2019-2023 period held a substantial number of audit committee meetings. This is corroborated by data collected by researchers, which reveals that 94.63% of companies have conducted meetings in accordance with the stipulated minimum requirements. However, the conditions within these companies do not support the study's findings, which indicate that the audit committee has no impact on audit quality. This discrepancy arises because the agenda of the audit committee meetings is not limited to discussions of audit and finance. In fact, the agenda of these meetings encompasses a



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broader range of topics, including audit and finance, operations, and strategy. Notably, several companies fail to disclose the audit committee meeting agenda in their annual reports, precluding the author from identifying the specific matters discussed during these meetings. This lack of transparency regarding the meeting agenda raises concerns about the activities undertaken by the audit committee. The present study demonstrates that the frequency of audit committee meetings does not influence the quality of the resulting audit. This suggests that the number of meetings held is insufficient to guarantee an improvement in audit quality if not complemented by high-quality meeting content. Consequently, it is imperative to enhance the effectiveness of the activities carried out by the audit committee.

## **5. CONCLUSIONS AND SUGGESTIONS**

This study seeks to provide empirical evidence regarding the influence of audit delay, audit rotation, and audit committee on audit quality. The objects of this study are food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The empirical findings reveal that only audit delay exhibits a significant negative effect on audit quality. Conversely, audit rotation and audit committee do not emerge as significant factors influencing the audit quality of food and beverage sub-sector companies in Indonesia. These results suggest that investors in Indonesian food and beverage sub-sector companies remain skeptical about the audit rotation practices implemented by companies and the discussions that take place during audit committee meetings.

Our findings contribute to the concept and practice of audit quality in two ways. First, audit delay emerges as the prominent factor influencing audit quality in food and beverage sector companies. The timeliness of audit report submission is a crucial determinant for stakeholders, particularly in making investment decisions. Therefore, companies need to meticulously prepare the audit process and reporting to ensure that audit results are submitted on time. The government should consider providing additional provisions related to the rules for delays in submitting audit results by issuing regulations to minimize the occurrence of audit report lag. Second, auditor and audit committee rotation are shown to be insignificant factors in determining audit quality in food and beverage sub-sector companies. This indicates that these two variables do not serve as signals for audit quality in companies. Investors may perceive auditor rotation as a pseudo practice, carried out merely as a formality to comply with applicable regulatory provisions. From the audit committee perspective, the regulation only mandates a minimum of three members. This encourages companies to adhere to the minimum requirement, resulting in a less than optimal supervisory function. The government can strengthen auditor rotation rules by eliminating the possibility of pseudo rotation and mandating changes or rotations at the public accounting firm level, not just at the partner level. Furthermore,

the rules regarding the number of audit committee members can be increased to more than three to enhance the supervisory function and enable the audit committee to carry out its functions effectively.

This study is subject to certain limitations. Firstly, several company annual reports were not published on the respective companies' websites or the Indonesia Stock Exchange website. This reduces the number of samples available for analysis, potentially affecting the generalizability of the research findings. Future research should consider exploring different sectors and employing more comprehensive data to yield more robust test results. Secondly, some companies do not disclose the agenda of their audit committee meetings in the published annual reports, precluding the author from analyzing the activities undertaken by these companies' audit committees. Future research should focus on companies that explicitly disclose the audit committee meeting agenda in their annual reports. Furthermore, Indonesian companies, particularly those in the food and beverage sector, are encouraged to enhance transparency by providing detailed information on the topics discussed during audit committee meetings.

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