

FINANCIAL CHARACTERISTICS, AUDIT COMMITTEE ACTIVITY, AND AUDIT REPORT LAG IN INDONESIAN REAL ESTATE COMPANIES)

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Abstract

Timely audited financial reporting preserves the relevance of accounting information, yet audit completion remains uneven among Indonesian property and real estate companies, whose valuation, financing, and consolidation processes create verification demands. This study examines whether firm size, profitability, leverage, audit committee meeting frequency, and accounting complexity explain audit report lag. A quantitative explanatory design was applied to annual reports of property and real estate companies listed on the Indonesia Stock Exchange during 2020–2022. Purposive sampling produced 25 companies and 75 firm-year observations. Data were collected through documentation and analyzed using descriptive statistics, classical-assumption tests, multiple linear regression, t-tests, an F-test, and adjusted R-squared. Audit report lag averaged 95.16 days and ranged from 41 to 238 days. The model was jointly significant ($F = 4.613$; $p = 0.001$) and explained 22.3% of lag variation. Profitability and audit committee meeting frequency significantly reduced audit report lag, whereas firm size, leverage, and accounting complexity were not significant. The findings indicate that timely audit completion depends more on performance incentives and active governance oversight than on structural firm attributes alone. Companies should strengthen audit committee coordination and early financial-close preparation, while future studies should incorporate auditor specialization, digital audit maturity, and panel estimators.

Keywords: audit report lag; audit committee; profitability; accounting complexity; corporate governance.

A. INTRODUCTION

Timeliness is a qualitative characteristic that makes financial reporting useful for decision-making, because information loses value when capital market participants receive it only after relevant decisions have been made. Audit report lag (ARL)—the interval between the fiscal year-

end and the date of the independent auditor's report—reflects the time required to obtain sufficient appropriate audit evidence, resolve misstatements, complete review procedures, and agree on the final report. A prolonged ARL delays independent assurance, extends information asymmetry, and may increase uncertainty about a company's financial position. Meta-analytic evidence confirms that ARL reflects a combination of audit conditions, governance arrangements, and client characteristics rather than merely an operational delay (Habib et al., 2019; Durand, 2019).

This issue is particularly important in Indonesia because Financial Services Authority Regulation No. 14/POJK.04/2022 requires issuers and public companies to submit periodic financial statements within the prescribed reporting deadlines. Formal deadlines, however, do not ensure uniform audit completion. In this study, ARL ranges from 41 to 238 days, with a mean of 95.16 days. The mean exceeds the 90-day benchmark, while the maximum indicates that some audit reports were signed more than seven months after the fiscal year-end. This variation reduces the comparability of when verified information becomes available and suggests that enforcement should be supported by stronger reporting capacity and governance oversight.

Property and real estate companies present a demanding audit setting. Their financial statements commonly include substantial balances of land, buildings, development inventories, investment properties, debt facilities, contract-based revenue, subsidiaries, and intercompany transactions. Auditors must assess valuation assumptions, impairment indicators, revenue recognition, going-concern implications, and consolidation adjustments. These procedures become more difficult when companies manage numerous projects and legal entities. Indonesian evidence has long associated client complexity, profitability, auditor risk, and auditor characteristics with ARL (Rusmin & Evans, 2017), but the relevance of these determinants requires reassessment as reporting and auditing practices evolve.

The 2020–2022 period warrants examination because it covers the severe disruption caused by COVID-19 and the initial normalization of business and audit activities. Mobility restrictions and limited access to documents increased reliance on remote evidence, electronic confirmations, and digital communication. Evidence from emerging markets indicates that the pandemic

materially lengthened ARL, although clients' information technology capabilities did not necessarily accelerate the audit process (Bani-Khaled & Pinho, 2024). This period therefore provides a focused setting in which to examine whether firm characteristics and governance activity continued to explain audit timeliness under exceptional operating conditions.

Prior research continues to report inconclusive empirical patterns. Meta-analytic evidence associates profitability with shorter ARL and organizational complexity with longer ARL (Habib et al., 2019). Recent Indonesian research identifies profitability, audit opinion, audit firm size, and audit committee attributes as determinants, although their direction and significance vary across industries and model specifications (Endri et al., 2024). In the property and real estate sector, Agistiani and Mulyandani (2024) examined profitability and leverage during 2020–2022, while Riri and Nurmalina (2025) documented the roles of financial condition, profitability, and capital structure during 2019–2023. These findings do not establish whether financial attributes retain explanatory power when active governance oversight and accounting complexity are tested simultaneously.

A second research gap concerns how governance is operationalized. Formal measures such as the existence, size, or independence of an audit committee describe its structure but do not necessarily demonstrate that oversight is functioning effectively. Audit committee meeting frequency is an activity-based indicator: regular meetings may facilitate early discussion of accounting judgments, follow-up on internal-control weaknesses, and coordination with external auditors. A high number of meetings, however, may also be reactive and reflect unresolved reporting problems. This ambiguity requires empirical testing and cannot be resolved by assuming that more meetings invariably improve timeliness.

A third gap concerns theoretical integration. Firm size, profitability, and leverage represent resource capacity, reporting incentives, and financial risk; meeting frequency represents monitoring intensity; and accounting complexity captures the audit effort generated by organizational structure. Examining only one domain may omit important explanations because a company may have substantial resources but complex operations, or high leverage but effective

oversight. Agency theory connects these domains through information asymmetry and monitoring costs: shareholders and creditors require timely assurance, management controls the preparation of financial statements, and governance mechanisms influence the flow of information to the auditor (Jensen & Meckling, 1976).

The novelty of this study lies in its integrative design and period-specific setting rather than in a claim that each determinant has never been examined. The model combines financial characteristics, observable governance activity, and accounting complexity in a single specification; focuses on an industry with distinctive valuation and consolidation challenges; and evaluates a period encompassing crisis disruption and the initial recovery. This positioning offers a more defensible contribution than simply repeating a cross-industry list of determinants.

This study examines the effects of firm size, profitability, leverage, audit committee meeting frequency, and accounting complexity on ARL among property and real estate companies listed on the Indonesia Stock Exchange from 2020 to 2022. It contributes by clarifying which client and governance attributes are associated with audit timeliness in a capital-intensive industry within an emerging market. Practically, the findings may help audit committees prioritize early coordination of the financial close, assist auditors in identifying client-specific bottlenecks, and enable regulators to assess whether reporting deadlines are supported by effective internal processes.

Literature Review and Hypothesis Development

Agency Theory

Agency theory conceptualizes the firm as a contractual relationship between owners as principals and managers as agents. Owners delegate decision-making authority to management, but the two parties may differ in their interests, risk preferences, and access to information. Managers possess more detailed knowledge of operations and the financial reporting process than shareholders, creating information asymmetry and opportunities for opportunistic behavior. This condition gives rise to agency costs in the form of monitoring expenditures, bonding expenditures, and residual loss. External auditing serves as an independent monitoring mechanism that enhances

the credibility of financial statements and helps principals assess whether management's disclosures can be trusted (Jensen & Meckling, 1976).

Agency theory also explains audit report lag because the value of auditor monitoring depends not only on the quality of assurance but also on when the audit report becomes available. The longer the ARL, the longer investors and creditors must rely on information that has not been independently verified, thereby increasing uncertainty and preserving management's informational advantage. Recent Indonesian evidence shows that profitability, firm characteristics, auditor attributes, and audit committee mechanisms are associated with differences in audit completion time (Endri et al., 2024). International evidence further indicates that leadership characteristics and power affect ARL, suggesting that audit timeliness cannot be separated from organizational incentives and monitoring structures (Amin et al., 2025).

Agency theory provides a basis for linking all study variables to ARL. Firm size reflects both resource capacity and the scope of monitoring costs; profitability shapes management's incentive to disclose favorable news promptly; and leverage increases creditors' demand for verified information. Audit committee meeting frequency represents monitoring intensity that may accelerate the resolution of reporting issues, whereas accounting complexity increases monitoring difficulty and audit evidence requirements. Technology and resources, however, do not automatically reduce ARL when data quality, coordination, and controls are ineffective. Bani-Khaled and Pinho (2024), for example, found that client IT capability did not consistently shorten ARL during the pandemic. ARL therefore results from the interaction of managerial incentives, agency risk, monitoring effectiveness, and audit effort.

Firm Size and Audit Report Lag

Firm size may affect ARL through two opposing mechanisms. Large companies generally employ more specialized accounting personnel, maintain formal closing schedules and established internal controls, and use information systems capable of producing audit documentation promptly. They also face greater scrutiny from analysts, investors, and regulators and therefore have reputational incentives to complete audits earlier. From an agency perspective, these

resources and visibility should shorten the period of information asymmetry. Prior syntheses generally find that large clients report more quickly when the advantages of their reporting infrastructure outweigh their operational burden (Durand, 2019).

Conversely, size may proxy for a broader transaction base, more locations, additional subsidiaries, and more complex estimates. These conditions increase audit sample sizes, specialist involvement, group-audit coordination, and partner review. The net relationship must therefore be determined empirically. Indonesian evidence indicates that audit complexity and client conditions may offset the resource advantages of large firms (Rusmin & Evans, 2017). Because listed property companies generally strengthen their accounting resources as their assets grow, this study expects the efficiency and monitoring mechanisms to predominate.

H1: Firm size has a negative effect on audit report lag.

Profitability and Audit Report Lag

Profitability reflects operating success and gives management an incentive to disclose favorable information without delay. Profitable companies are also less likely to require extensive going-concern procedures, impairment disputes, or negotiations over loss recognition. Agency theory suggests that the timely release of audited good news can reduce information asymmetry and strengthen managerial reputation. Meta-analytic evidence consistently associates profitability with shorter ARL (Habib et al., 2019), and evidence from Jordan likewise identifies a negative profitability–ARL relationship (Abdullatif et al., 2023).

This relationship is not automatic because auditing standards do not permit auditors to reduce procedures merely because a company reports a profit. Unusual margins, aggressive estimates, or performance-based incentives may increase testing. Nevertheless, studies of Indonesia's property sector indicate that higher profitability tends to shorten ARL (Agistiani & Mulyandani, 2024; Riri & Nurmalina, 2025). The balance of theory and evidence therefore supports a negative prediction.

H2: Profitability has a negative effect on audit report lag.

Leverage and Audit Report Lag

Leverage reflects reliance on creditor financing and exposure to repayment and covenant risk. Highly leveraged companies may require additional audit work on debt classification, covenant compliance, funding continuity, and going concern. Creditors demand credible information, while managers may have incentives to avoid covenant violations through accounting choices. These conditions increase audit risk and the scope for negotiation and are therefore expected to lengthen ARL.

The opposite mechanism is also plausible. Debt contracts may strengthen creditor monitoring and encourage management to accelerate audited reporting. Companies with established banking relationships may also maintain disciplined financial-closing procedures. Empirical findings are consequently mixed: Abdullatif et al. (2023) report a positive association between leverage and ARL, whereas recent Indonesian property studies document negative or sample-dependent effects (Agistiani & Mulyandani, 2024; Riri & Nurmalina, 2025). Agency risk provides the primary basis for the directional prediction in this study.

H3: Leverage has a positive effect on audit report lag.

Audit Committee Meeting Frequency and Audit Report Lag

The audit committee oversees the integrity of financial reporting, internal control, internal audit, and communication with the external auditor. Frequent meetings may help identify accounting issues before year-end, clarify responsibilities, and monitor the completion of audit adjustments. From an agency perspective, active committee oversight constrains managerial opportunism and improves the quality of information provided to auditors. Research syntheses indicate that audit committee expertise and effectiveness are associated with more timely reporting, although meeting counts do not necessarily capture meeting quality (Habib et al., 2019). Meeting frequency may also be endogenous: committees may meet more often because the company already faces control failures or contested reporting issues. The expected negative relationship depends on meetings being preventive and decision-oriented rather than ceremonial.

Recent research confirms that the effects of governance and leadership on ARL depend on institutional and organizational conditions (Amin et al., 2025). In Indonesian listed companies, regular committee involvement is expected to improve coordination and shorten audit completion time.

H4: Audit committee meeting frequency has a negative effect on audit report lag.

Accounting Complexity and Audit Report Lag

Accounting complexity arises when a company operates multiple segments or subsidiaries and must consolidate heterogeneous transactions. Auditors must then evaluate component information, intercompany eliminations, segment disclosures, and the consistency of accounting policies. Property and real estate groups may require additional valuation specialists and project-level testing. Complexity increases coordination and review costs, and meta-analytic evidence associates it with longer ARL (Habib et al., 2019).

Technology and standardized consolidation processes may mitigate this burden. Enterprise systems, shared-service centers, and electronic evidence can enable complex companies to provide documentation efficiently. Additional reporting requirements likewise do not necessarily lengthen ARL when the audit process is well organized (Abdullatif et al., 2023). Nevertheless, the audit-effort argument supports a positive prediction.

H5: Accounting complexity has a positive effect on audit report lag.

B. METHOD

This study employs a quantitative explanatory design to test the hypothesized relationships between observable firm attributes and ARL. The unit of analysis is the firm-year. Archival secondary data are appropriate because all variables can be obtained from audited financial statements, annual reports, and corporate governance disclosures. The observation period covers the 2020–2022 fiscal years, enabling the analysis to capture both pandemic disruption and the initial recovery of operating activities. Multiple linear regression is used to estimate the partial relationship of each predictor while controlling for the others.

The population comprises property and real estate companies listed on the Indonesia Stock Exchange during 2020–2022. Purposive sampling applies four criteria: (1) continuous listing throughout the observation period; (2) availability of audited annual financial statements; (3) complete information for all variables; and (4) no persistent losses, consistent with the sampling rule adopted in the source study. Twenty-five companies met these criteria, yielding 75 firm-year observations. The final criterion improves the comparability of profitability measures but should be considered when generalizing the results because persistently loss-making companies may present different audit risks.

Table 1. Sampling criterion

Sampling criterion	Outcome
Property and real estate companies meeting the listing-period requirement	Population frame
Audited reports available for 2020–2022	Retained
Complete financial and governance data	Retained
No persistent losses during the observation period	Retained
Companies meeting all criteria	25 companies; 75 firm-year observations

Source: Processed primary data, 2026.

Table 2. variable and Measurement

Variable	Measurement proxy
Audit report lag (ARL)	Date of the auditor's report minus the fiscal year-end (days)
Firm size	Natural logarithm of total assets
Profitability	Net income divided by total assets
Leverage	Total liabilities divided by total equity
Audit committee meeting frequency	Number of audit committee meetings in one year
Accounting complexity	1 if the company has more than one segment or subsidiary; 0 otherwise

Source: Processed primary data, 2026.

C. RESULTS AND DISCUSSIONS

Descriptive Statistics

ARL ranges from 41 to 238 days, with a mean of 95.16 days and a standard deviation of 30.57 days. The mean indicates that audits of the sampled companies were generally completed after the 90-day benchmark. The 197-day range demonstrates substantial heterogeneity: some companies completed the assurance process promptly, whereas others experienced considerable delays that reduced the timeliness of verified annual information.

Table 3. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Standard deviation	Interpretation
ARL (days)	41	238	95.16	30.57	Wide variation in audit completion time
Firm size (ln assets)	23.999	31.805	28.70	Not reported	Medium-sized to large listed companies
Profitability (ROA)	Not reported	Not reported	0.0603	Not reported	Average return of 6.03%
Leverage (DER)	Not reported	Not reported	0.678	Not reported	Moderate average debt financing
Audit committee meetings	3	12	5.32	Not reported	More frequent than a quarterly schedule
Accounting complexity	0	1	0.96	Not reported	Most companies are classified as complex

Source: Primary Data Processed (2026)

The distribution of firm size indicates that the sample is dominated by medium-sized and large listed companies. Mean ROA of 0.0603 reflects positive but relatively modest asset productivity. Mean DER of 0.678 indicates that debt financing is economically relevant but does not, on average, exceed equity. Audit committees held 5.32 meetings per year, more frequently than a quarterly schedule. Mean complexity of 0.96 shows that nearly all companies operated more than one segment or subsidiary; this limited cross-sectional variation may reduce the statistical ability of the dummy variable to explain ARL.

Diagnostic Tests

Table 4. Diagnostic Tests

Diagnostic test	Reported result	Conclusion
Normality	Kolmogorov–Smirnov $p = 0.200$	Normally distributed data
Multicollinearity	Tolerance > 0.10 ; VIF < 10	No harmful collinearity
Heteroscedasticity	Glejser p -values > 0.05	No evidence of heteroscedasticity
Autocorrelation	Durbin–Watson $= 1.773$	No material first-order autocorrelation

Source: Primary Data Processed (2026)

The diagnostic results support the reported regression estimates. Diagnostic thresholds, however, should not be applied mechanically. The sample contains repeated observations for the same companies; future studies should therefore consider firm-clustered standard errors or panel-data estimators. These methods address within-firm dependence more directly than a Durbin–Watson assessment in pooled regression.

Regression Results and Hypothesis Testing

The model-fit test ($F = 4.613$; $p = 0.001$) indicates that the five predictors jointly explain variation in ARL. The adjusted R-squared of 0.223 means that the model explains 22.3% of ARL variation after accounting for the number of predictors. This level is reasonable because audit completion is also influenced by auditor workload, audit opinion, audit firm characteristics, internal-control quality, digital readiness, year-end staffing, and client–auditor negotiations, none of which are included in the model.

Table 5. Hypothesis Testing

Hypothesis	Relationship	Estimated direction	p-value	Decision
H1	Firm size $\rightarrow$ ARL	Negative	0.400	Not supported
H2	Profitability $\rightarrow$ ARL	Negative	0.003	Supported
H3	Leverage $\rightarrow$ ARL	Negative	0.224	Not supported
H4	Audit committee meetings $\rightarrow$ ARL	Negative	0.003	Supported
H5	Accounting complexity $\rightarrow$ ARL	Negative	0.762	Not supported

Source: Primary Data Processed (2026)

The results show a profitability coefficient of -4.510 and an audit committee meeting coefficient of -0.863 . The negative profitability estimate indicates faster audit completion as ROA increases. The meeting coefficient suggests that one additional meeting is associated with an approximately 0.863-day reduction in ARL, holding the other variables constant. Exact

coefficients for firm size, leverage, and complexity were unavailable in the source document and were therefore not reconstructed. Reporting only the available values preserves evidential integrity.

Firm Size

Firm size has a negative but statistically insignificant coefficient ($p = 0.400$); therefore, H1 is not supported. The result suggests that resource capacity and operational scope offset each other in this sector. Large companies may have stronger accounting departments, standardized systems, and experienced personnel, but they also manage more projects, locations, estimates, and entities. The insignificant result is theoretically plausible because size is an aggregate proxy that combines efficiency and complexity mechanisms operating in opposite directions.

This finding may also reflect the relative homogeneity of listed companies. Regulatory oversight and minimum governance requirements apply to all firms, narrowing differences in reporting discipline. In addition, the complexity dummy may absorb part of the structural burden otherwise reflected in total assets. The result supports the view that size does not independently determine timeliness once selected reporting and governance conditions are included in the model, although it differs from meta-analytic evidence that generally finds faster reporting among large clients (Durand, 2019).

Profitability

Profitability has a negative and significant effect ($\beta = -4.510$; $p = 0.003$); therefore, H2 is supported. This result is consistent with agency theory because profitable companies have fewer incentives to delay verified information and can reduce information asymmetry by disclosing favorable news promptly. Stronger performance may also lower going-concern risk and reduce procedures related to losses, funding continuity, and impairment. The finding is consistent with Habib et al. (2019), Abdullatif et al. (2023), and studies of Indonesia's property sector (Agistiani & Mulyandani, 2024; Riri & Nurmalina, 2025).

The interpretation nevertheless requires caution. Profitability does not automatically improve audit efficiency; rather, it affects the audit-risk environment and reporting incentives. A

highly profitable company may still use difficult estimates or aggressive revenue recognition. The significant coefficient indicates that, on average and conditional on the model, performance incentives outweigh these countervailing concerns.

Leverage

Leverage has a negative but insignificant coefficient ($p = 0.224$); therefore, H3 is not supported. The predicted agency-risk mechanism—additional work on debt, covenants, and going concern—does not emerge as an independent determinant. One explanation is that creditor monitoring encourages disciplined reporting and earlier preparation of financing documents. Another is that the audit burden depends more strongly on covenant tightness, maturity structure, refinancing risk, and actual default risk, none of which is captured by DER.

This result helps explain variations in prior evidence. Abdullatif et al. (2023) associate leverage with longer ARL, while recent Indonesian property studies report negative or setting-dependent effects. DER may also become unstable when equity is small, and a single ratio cannot distinguish routine secured borrowing from distressed refinancing. Future research should separate short- and long-term debt, identify covenant violations, and include measures of financial distress before concluding that creditor risk has no effect.

Audit Committee Meeting Frequency

Audit committee meeting frequency has a negative and significant effect ($\beta = -0.863$; $p = 0.003$); therefore, H4 is supported. This is the clearest governance evidence in the model. Regular meetings allow the committee to monitor the financial-close calendar, review significant estimates, follow up on internal audit findings, and resolve disagreements before the final audit stage. These activities reduce information bottlenecks and support the committee's monitoring function under agency theory.

The estimated relationship is also practically meaningful. If the relationship is linear, one additional meeting is associated with an approximately 0.863-day reduction in ARL, holding the other variables constant. The coefficient does not establish that simply adding meetings will accelerate the audit. Meeting agendas, financial expertise, attendance, access to information, and

authority to require corrective action determine whether frequency represents substantive oversight. Nevertheless, the result indicates that observable committee activity provides greater explanatory information than structural firm attributes in this sample.

The finding reinforces the agency-theory interpretation of reporting timeliness: monitoring reduces the period during which managers possess private information that has not yet been verified. It also complements recent evidence that leadership and governance attributes shape ARL in emerging markets (Amin et al., 2025). Future studies could interact meeting frequency with financial expertise or independence to distinguish committees that are both active and competent from those that meet frequently but lack the resources to resolve reporting issues.

Accounting Complexity

Accounting complexity is insignificant ($p = 0.762$); therefore, H5 is not supported. This result does not necessarily contradict the audit-effort argument. The descriptive mean of 0.96 indicates that nearly all sampled companies are classified as complex; with so little variation, a binary measure has limited ability to distinguish audit workloads. Moreover, the category 'more than one segment or subsidiary' treats a company with two simple entities in the same way as a group with dozens of components, foreign operations, and extensive intercompany transactions.

Standardized consolidation systems, recurring projects, and auditor familiarity may also make complexity more manageable. Meta-analyses generally associate complexity with longer ARL (Habib et al., 2019), while earlier Indonesian evidence links the number of subsidiaries to delay (Rusmin & Evans, 2017). The insignificant result in this study suggests that the selected proxy may be inadequate. Future research should use the number of subsidiaries and segments, foreign components, business combinations, fair-value assets, and component auditors.

Theoretical and Practical Implications

Theoretically, the findings support agency theory by showing that active monitoring and management's incentive to disclose information play a greater role in shortening audit report lag than structural firm characteristics. The significant effect of audit committee meeting frequency

underscores the importance of governance oversight, while profitability reflects management's incentive to report favorable performance promptly. Firm size and leverage, in contrast, are insignificant because each may exert opposing effects on the audit process. Future research should therefore use more specific measures of size and leverage to explain their relationships with audit report lag more precisely.

Companies should orient audit committee meetings toward audit readiness. The committee can establish a financial-close timetable, monitor unresolved reconciliations, review accounts that require significant judgment, and ensure that auditor data requests are addressed promptly. Auditors should also conduct early risk assessments to identify valuation, consolidation, revenue-recognition, and financing issues that require specialists or additional evidence. Regulators can reinforce compliance with reporting deadlines by issuing guidance on audit committee activity and organizational audit readiness.

The study period also highlights the importance of digitalization in the audit process. Remote work increased the use of electronic documents, but technology did not necessarily accelerate audit completion. Bani-Khaled and Pinho (2024) found that firms' information technology capabilities did not consistently shorten audit report lag during the pandemic. Digital tools support the audit only when data are complete, accessible, secure, and aligned with auditors' needs. Future research should therefore assess digital audit maturity in terms of process quality and use rather than merely the scale of information technology investment.

D. CONCLUSIONS

This study examines the effects of firm size, profitability, leverage, audit committee meeting frequency, and accounting complexity on audit report lag among 25 Indonesian property and real estate companies during 2020–2022. The analysis uses 75 firm-year observations. The results show that the variables jointly affect audit report lag and explain 22.3% of its variation. Individually, profitability and audit committee meeting frequency significantly shorten audit report lag, whereas firm size, leverage, and accounting complexity have no significant effects.

The evidence indicates that timely audit completion is more closely associated with company performance and an active audit committee than with structural firm characteristics. Companies with higher profitability and more active audit committees tend to complete their audits sooner. This finding supports agency theory because timely disclosure can reduce information asymmetry between management and shareholders. The insignificant results do not imply that firm size, leverage, and accounting complexity are entirely irrelevant. Their effects may depend on firm-specific conditions or may not be captured adequately by the measures used in this study.

E. SUGGESTIONS

First, the study covers only property and real estate companies and includes 75 firm-year observations. The findings may therefore not generalize to industries such as banking, manufacturing, or technology, which have different business characteristics. Second, the 2020–2022 period includes the pandemic and the initial stage of economic recovery. These conditions may have affected the audit process, and the results could differ under more normal circumstances. Third, the multiple-regression approach does not fully account for similarities among repeated observations of the same companies, while annual economic changes may affect all companies simultaneously. Fourth, the dummy measure of accounting complexity provides limited discrimination because almost all companies are classified as complex. Fifth, persistently loss-making companies were excluded. This choice improves ratio comparability but may omit companies with greater audit risk. Finally, the model does not include other relevant factors, such as auditor characteristics, modified audit opinions, internal-control quality, financial distress, ownership structure, digital audit readiness, and key audit matters.

Companies should prepare for the audit throughout the year through cooperation among financial management, internal audit, and the audit committee. Audit committee meetings should have clear agendas, responsibilities, deadlines, and documented follow-up. Complex accounts should be reviewed early, and evidence and specialist requirements should be communicated well before the reporting deadline.

Future studies should extend the industries and observation periods and apply panel-data methods. Complexity should be measured more precisely by incorporating the number of subsidiaries, business segments, and foreign components. Auditor characteristics, audit opinions, key audit matters, and digital audit maturity should also be included.

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