



The Frequency of Sharia Supervisory Board Meetings, Profitability, Solvency, and Land Company Size on Audit Report Lag at Islamic Commercial Banks in Indonesia

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Abstract

A firm's financial report is the primary source of information that needs to be disclosed on time. However, some Islamic Commercial Banks are still late in reporting audited financial reports, which leads to issues of legitimacy and diminishes public trust in the accuracy and validity of these reports. The primary goal is to analyze the audit report lag and its relationship with the frequency of Sharia Supervisory Board meetings, profitability, solvency, and company size at Islamic Commercial Banks in Indonesia. The audit report lag is measured as the interval of days between the end of the fiscal period and the date of the audit report's signature. The sample was selected using a purposive sampling technique, comprising 10 Islamic Commercial Banks that published financial reports from 2019 to 2023. The data analysis method used is panel data regression, performed with EViews 13 software. The study finds that the audit report lag for the selected sample ranges from the minimum period of book closing to a maximum of 3 months. The analysis reveals that the frequency of Sharia Supervisory Board meetings, profitability, and company size significantly affect the audit report lag. In contrast, solvency does not have a substantial impact on the audit report lag. Research using the variable of the frequency of Sharia Supervisory Board meetings is still limited. This study brings originality by measuring the influence of the frequency of Sharia Supervisory Board meetings, profitability, solvency, and company size on audit report lag, analyzed through a panel data regression model. To date, no one has conducted this kind of research.

Keywords: *Audit Report Lag, Sharia Supervisory Board, Profitability, Solvency, Company Size, Islamic Commercial Banks*

INTRODUCTION

Islamic banking is experiencing rapid growth, indicating that an increasing number of Islamic banks must publish financial reports to the Financial Services Authority (OJK) and the broader community. The importance of accurate publication of financial reports for decision-making for several parties, one of which is investors. According to (Bahri & Amnia, 2020) In short, the bank's activities involve collecting funds from the community and then channeling them back to the community. The credibility of the bank is crucial for attracting the community to participate in these activities. So the inaccuracy of Islamic banks in submitting financial reports results in the loss of public trust and the absence of legitimacy for the bank.

Financial Reports are a collection of all important information that can describe the condition of a company. Audited financial reports are good and un-suspicious financial reports that can be used as a reference for investors, internal companies, or management in making decisions (Umar et al., 2020). These financial reports must be audited first and completed immediately so that the value of use and benefits contained in the financial reports does not disappear.

Audit Report Lag (ARL) in the submission or publication of financial reports can be affected by the audit reporting period. This is in line with previous studies Uyob et al. (2022); Zulfikar et al.



(2020), that have identified that the Audit Report Lag (ARL) level is the most observable indicator for producing timely financial reports (Kaaroud et al., 2020). An auditor conducting an audit relies on the audit standards established by AAOIFI. (Accounting and Auditing Organization for Islamic Financial Institutions). Therefore, to ensure that the audit process complies with standards and adequately considers potential risks, an auditor requires additional time to complete financial reports that align with Islamic standards and regulations. This need for more time can contribute to an increase in the length of the Audit Report Lag in Islamic commercial banks.

According to Tanjung and Aida (2022), "Audit Report Lag" refers to the delay in completing the annual financial report audit. This delay is measured as the time from the book closing date (December 31) to the financial reporting date indicated in the audit report, which is marked by a signature. A longer audit report lag can negatively impact the quality of audited financial reports and lead to adverse reactions from both internal and external stakeholders of the company.

The maximum deadline for submitting audited financial reports is set by the Financial Services Authority (OJK) of Indonesia, under Regulation Number 14/POJK.04/2022, Chapter II, Article 4. This regulation states that financial reports must be submitted to the OJK and announced to the public no later than the end of the third month following the date of the annual financial report. Despite this regulation, some Islamic Commercial Banks (BUS) in Indonesia still experience considerable lags and occasionally fail to meet this deadline. This pattern is reflected in observations of BUS financial reports from 2019 to 2023.

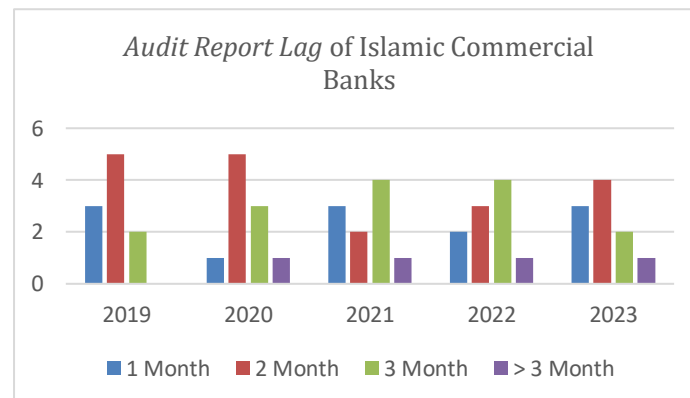


Figure 1. Lag Audit Report Period 2019 - 2023

Source: Annual Report Data processed, 2024

The graph shows that two Islamic Commercial Banks (BUS) exceeded the three-month deadline for publishing financial reports after the audit: Bank Victoria Syariah in 2022 and Bank Syariah Bukopin in 2020, 2022, and 2023. This case attracts the attention of researchers to identify company factors that can influence the occurrence of Audit Report Lag, such as the Frequency of Sharia Supervisory Board Meetings (Uyob et al., 2022) Profitability, Solvency, and Company Size (Bahri & Amnia, 2020; Elani et al., 2021)

This study selects the Frequency of Syariah Supervisory Board (DPS) Meeting factor which is unique because DPS is only owned by Islamic financial institutions, the obligation of DPS is to issue a report on the results of supervision of all transactions and products that have complied with Sharia Principles to a Public Accountant as a reference for the Public Accounting Firm (KAP) before issuing an audit report on the financial statements. This is stated in circular letter No. 7/57/DPbs issued by OJK concerning the company's internal relationship with the company's external part, which includes supervision.

The current issue facing the DPS is a limited pool of expertise. The qualifications required to serve on the DPS go beyond a normative understanding of muamalah fiqh; members must also possess knowledge of finance and banking systems, particularly regarding the operational mechanisms of Islamic banks (Febrina et al., 2019). This lack of expertise hampers the effectiveness of the DPS in conducting supervision and contributes to the low level of DPS activity in attending meetings, which is further affected by the existence of dual positions.

Therefore, the more active the DPS members are, the faster the report on the results of DPS supervision will be issued, and the faster the KAP will issue the Audit Report to prevent audit report lag (ARL). This can be seen from Bank Victoria Syariah, which experienced a Lag in financial reporting in 2022, with the frequency of meetings held by the DPS only 6 times.

The next factor is Profitability, which refers to an entity's ability to generate profits and is a measure of its effectiveness. As explained by Kasmir (2019), profitability can be assessed through sales outcomes and capital gains. A higher profitability ratio indicates that the company is better at generating profits, which is positive news for investors. Consequently, the company may expedite the release of financial reports to the public.

Regarding profitability from 2018 to 2022, several banks produced low profitability values, even at negative levels. Bank Muamalat in 2020 experienced a fairly long ARL of up to 91 days, in line with the low profitability value of Bank Muamalat Sharia (BMS) reaching 0.03%. Bank Syariah Bukopin (BSB) experienced a lag in the publication of financial reports from 2020-2023. This was related to the ROA value of Bank Syariah Bukopin in 2021-2023, which had a negative profitability figure and decreased significantly.

Another factor influencing audit report lag is the company's solvency, or ability to meet all short- and long-term debt obligations. According to research (Bahri & Amnia, 2020), the solvency level indicates how well management can meet its financial commitments in liquidation. A high debt ratio reflects an unhealthy financial condition, often requiring the auditor to examine third-party liabilities, which can extend the duration of substantive control tests and lag reporting.

Since 2019, the majority of liabilities have increased each year. A comparison of the ARL (Audit Report Lag) and Solvency Level between Bank Aceh Syariah and Bank Syariah Bukopin in 2023 highlights this relationship. Bank Aceh Syariah, which published its financial reports in 23 days, had a low Solvency Level of 13.41%, different from Bank Syariah Bukopin, which experienced a lag in audit reporting, namely within a reporting period of 141 days with a high solvency level of 90.29%.

Another factor affecting Audit Report Lag from internal company sources is Company Size. Larger assets generally correspond to a lower ARL, as they reflect stronger internal controls. In 2023, Bank BCA Syariah had the shortest ARL, completing it in 19 days, and also reported substantial assets totaling 14,471,733,681,818 IDR. Bank BCA Syariah thus demonstrated both the fastest ARL and the highest assets compared to other Islamic Commercial Banks.

Previous Research has produced mixed results regarding the factors that influence Audit Report Lag. Uyob et al. (2022) found that the frequency of Sharia Supervisory Board meetings significantly affects Audit Report Lag. However, this finding differs from (Bramasto et al., 2022), The Research that focused on profitability. Meanwhile, Hidayat and Nursiam (2023) found that solvency affects audit report lag. Other studies focus on company size, which affects audit report delays, as shown in research by Daffa (2023) and Said et al. (2023). There is a gap in previous research findings, which show varying and inconsistent results, making this phenomenon increasingly interesting and worthy of further study. Therefore, with this background, the researcher intends to conduct this research.

LITERATURE REVIEW

Sharia Enterprise Theory

Sharia Enterprise Theory (SET) is a theory that asserts that Allah is the ultimate source of trust. The resources held by stakeholders are considered a mandate from the Creator, Allah, which carries an element of responsibility to be used in ways and for purposes established by Allah ([Nurdin, 2018](#)). Thus, this theory emphasizes accountability to Allah, not just to stakeholders.

In this study, Sharia Enterprise Theory (SET) relates to the operational system of Islamic banks, which must comply with Islamic law. This requirement encourages oversight by the Sharia Supervisory Board (DPS) to ensure that Islamic bank products and transactions align with Sharia rules and do not exceed permissible boundaries. Companies adhering to Sharia principles are expected not only to generate profits for their owners but also to be accountable to partners, especially to Allah SWT, and to report all relevant information summarized in audited financial statements to the relevant authorities.

Sharia Supervisory Board

According to Bank Indonesia Regulation. 11/33/PBI/2009 Chapter 1 Article 1, the Sharia Supervisory Board (DPS) is defined as a board responsible for advising and providing recommendations to the board of directors, as well as supervising bank activities to ensure they align with Sharia principles. The duties and responsibilities of the DPS include providing advice and recommendations to the board of directors and overseeing bank activities to ensure compliance with Sharia principles. The presence of the DPS is essential, as it plays a critical role in the development of Islamic banks by establishing the credibility of Sharia banks in ensuring Sharia compliance and implementing Good Corporate Governance (GCG) principles.

The DPS actively oversees operations by holding regular meetings with all bank executives and fostering constructive communication with the Board of Commissioners and Board of Directors. The requirements for DPS meetings are specified in Bank Indonesia Regulation No. 11/33/PBI/2009 on Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units. As stated in Article 40, paragraph (1) of this regulation, the DPS is required to convene at least six meetings annually.

Profitability

Profitability is a company's ability to generate profits with sales, total assets, or equity. Return on Assets (ROA) is a better measure of profitability as it reflects management efficiency in utilizing assets to generate income. According to Bank Indonesia, ROA is calculated by dividing pre-tax profit by total assets. It represents the ratio of pre-tax profit to the average total assets over a specific period, serving as a measure of financial health. This ratio is critical, as the profit obtained from asset utilization can indicate a bank's operational efficiency.

Companies with high profitability ratios indicate good internal control standards and strong performance, resulting in high profits. Consequently, a detailed audit is often unnecessary, which shortens the audit process and can reduce the Audit Report Lag ([Hati & Sari, 2020](#)).

Solvency

Solvency measures the extent to which a company can meet all of its obligations, both in the short term and the long term. This ratio also assesses how effectively a company utilizes its resources, including those from debt, equity, or assets ([Faizah & Tahir, 2023](#)). This study uses the Debt-Asset Ratio (DAR) to measure the portion of assets financed by debt. According to [Faizah & Tahir \(2023\)](#), the Debt-to-Asset Ratio (DAR) is calculated by dividing liabilities by total assets. Companies with a high level of debt tend to lag in financial reporting, often requesting auditors to

extend the audit timeframe beyond the originally scheduled period, as aligned with the findings of (Agustina & Jaeni, 2022).

Company Size

According to Dwi (2022), Company size refers to the scale of a company, which can be measured by the total assets it owns or the total assets reported in its audited financial statements. Larger companies tend to have better internal control systems, which can speed up the audit process, and they also face greater external pressure to complete timely reporting (Dwi, 2022), (Ulil et al., 2020) explain that company size can be observed through the total assets, sales per period, number of employees, and other factors. The larger these aspects are, the larger the company's size in the audited financial statements, often expressed logarithmically.

Financial Statement Audit

According to AAOIFI, a Sharia audit is defined as an independent internal Sharia report or part of an internal audit that conducts testing and is issued by Islamic Financial Institutions (IFIs) and the Sharia Supervisory Institute (AAOIFI-GSIFI). According to Hosen et al. (2012), Sharia audit consists of two types: the first is Internal Audit, which includes the Audit Committee, Sharia Supervisory Board (DPS), and Sharia Compliance Officers, and the second is External Audit.

According to (Dwi, 2022) Audit delay or Audit Report Lag is the number of days required by the auditor to complete the audit, measured from the closing date of the fiscal year to the issuance of the audited financial statements. The regulation states, "The annual financial statements referred to in Article 2, paragraph (3), letter a, must be submitted to the Financial Services Authority and published to the public no later than the end of the third month after the date of the annual financial statements."

Relationship Between Variables and hypotheses development

Frequency of Sharia Supervisory Board Meetings with Audit Report Lag

The Sharia Supervisory Board has an important role in serving as a party that supervises and ensures that the operations of Islamic banks are by Sharia principles (Clara & Azizah, 2021). The DPS is required to provide one or more opinions to the auditor regarding the bank's compliance with Sharia principles as a reference before issuing an audit report on the financial statements. This is stated in a circular letter numbered 7/57/DPbS. So the higher the frequency of Sharia supervisory board meetings, which in turn improves performance and shortens the audit report lag (Dzulkifli & Dewayanto, 2022).

Supported by empirical research (Rini, 2014) found that the Sharia Supervisory Board plays a role in improving the quality of financial reports, the quality referred to in his research is to fulfill one of the characteristics of quality financial reports, namely, timeliness. Therefore, in Islamic banking, the higher the frequency of the Sharia supervisory board meetings, the greater the control of all transactions that occur, which in turn improves performance and shortens the audit report lag (Dzulkifli & Dewayanto, 2022). This finding reports a significant relationship between meetings held throughout the year by the Sharia supervisory board with the Audit Report lag, which is in line with the Research (Uyob et al., 2022; Zulfikar et al., 2020). And different from the study (Dzulkifli & Dewayanto, 2022) that there is no significant relationship between the DPS Frequency and the Audit Report lag

H₁: Frequency of Sharia Supervisory Board Has a Significant Influence on Audit Report Lag at Islamic Commercial Banks in Indonesia

Profitability with Audit Report Lag

According to ([Bramasto et al., 2022a](#)) Profitability is the ability of a company to make a profit; therefore, profitability is one of the factors that many investors pay attention to. Because the amount of return on investment can be calculated from the profitability value, so the profitability factor can also affect the occurrence of audit report lag. The greater the company's profitability ratio will be better news for investors and companies, thus encouraging companies to publish audited financial reports to the general public as soon as possible and vice versa.

The same is true of research ([Daffa, 2023](#)) which explains that the company's capability to make a profit indicates that the company is managing resources effectively. This condition also reflects the success of agents in leading and managing a company. This is in line with research from Fuji ([Bramasto et al., 2022a](#); [Fujianti & Satria, 2020](#)) which states that the results of research regarding profitability influence audit report lag. This is different from research ([Illahi & Oknaryana, 2023](#)).

H₂: Profitability has a significant effect on Audit Report Lag at Islamic Commercial Banks in Indonesia

Solvency with Audit Report Lag

Company solvency is the ability of a company to meet its financial obligations ([Yuliana et al., 2021](#)). This ratio also looks at how effectively the company uses its resources, whether from debt, capital, or assets ([Faizah & Tahir, 2023](#)). The high debt ratio owned by the company will cause the examination and reporting of the company's debt to take longer, so the auditor will take longer to conduct substantive control tests.

The high debt ratio owned by the company will cause the examination and reporting of the company's debt examination to take longer, so that the auditor takes longer to conduct substantive control tests, and the ARL will be longer. This is in line with the research ([Agustina & Jaeni, 2022](#)). However, it is different from the research conducted by ([Elani et al., 2021a](#); [Wijaya et al., 2021](#)).

H₃: Solvency has a significant effect on Audit Report Lag at Islamic Commercial Banks in Indonesia

Company Size with Audit Report Lag

According to [Dwi \(2022\)](#), Company size refers to the scale of a company, which can be observed through its total assets as reported in the audited financial statements. Large resources (assets) provide more information sources, more professional accounting staff, and more advanced information systems, along with a strong internal control system, which can reduce audit report lag.

A large number of assets allows companies to encourage auditors and employ large public accounting firms (KAP) to complete work on time, supported by strong internal controls. This aligns with studies by ([Said et al., 2023](#); [Umar et al., 2020](#)), which found that company size influences Audit Report Lag. However, this finding contrasts with the research by ([Irfani, 2021](#); [Uyob et al., 2022](#)).

H₄: Company Size Has a Significant Influence on Audit Report Lag at Islamic Commercial Banks in Indonesia

The illustration of the Research framework is presented below

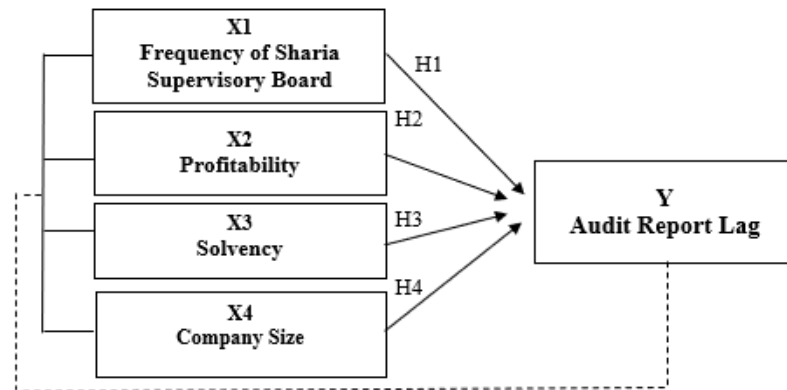


Figure 2. Research Framework

RESEARCH METHOD

This study is a quantitative research type, utilizing secondary data from the annual reports of Islamic Commercial Banks (BUS) in Indonesia registered with the Financial Services Authority. The sample includes 10 BUS banks, selected using purposive sampling. The sampling technique is conducted through purposive sampling, determined based on the following criteria: the company publishes annual financial reports for the period ending December 31, 2013–2015; the company includes annual reports and financial statements audited by an independent auditor; and the company uses the rupiah currency in the financial statements.

A total of 50 samples were collected over five years, from 2019 to 2023. Data analysis was performed using classical assumption tests and panel data regression analysis with E-Views software version 13.0 and Microsoft Excel. The dependent variable in this study is Audit Report Lag (ARL), while the independent variables are Profitability, Solvency, and Company Size. The sampling stages using the purposive sampling method are outlined below.

Table 1. Sampling Stage

No	Criteria	Number of BUS
1.	Number of Islamic Commercial Banks in Indonesia registered with the OJK	13
2.	Sharia banks that do not meet the criteria	(3)
3.	Number of Research Sample Companies	10
4.	Number of Research Years (2019 – 2023)	5
Number of observed data (10 BUS x 5 Years)		50

Based on the table, there are 13 Islamic commercial banks in Indonesia. However, 3 of them (BUS) lack comprehensive financial information. Therefore, only 10 Islamic commercial banks meet the criteria and are included in the analysis. These banks are: Bank Aceh Syariah, BPD Nusa Tenggara Barat Syariah, Bank Muamalat Indonesia, Bank Victoria Syariah, Bank Jabar Banten Syariah, Bank Mega Syariah, Bank Panin Dubai Syariah, Bank Syariah Bukopin, BCA Syariah, and Bank Tabungan Pensiunan Nasional Syariah, with a total of 50 samples. The operational

measurements for each variable used are as follows:

Table 2. Measurement of Variables

No	Variables	Indicators	Scale
1.	Audit Report Lag	ARL = Uclosing date of the financial year, and the date of issue of the audit report (Tanjung & Aida, 2022)	Interval
2.	Frequency of Sharia Supervisory Board Meetings	Frequency of Sharia Supervisory Board $w = \sum \text{DPS meeting for one year}$ (Zulfikar et al., 2020b)	Ratio
3.	Profitability	$\text{Roa} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$ (Elani et al., 2021b)	Ratio
4.	Solvency	Debt to Assets Ratio $\frac{\text{Total Debt}}{\text{All Assets}} \times 100\%$ (Elani et al., 2021b)	Ratio
5.	Company Size	UKP = Ln (Total Assets) (Bramasto et al., 2022b)	Ratio

FINDINGS AND DISCUSSION

Based on the results of the normality test, the Jarque-Bera test value is 1.146416 with a probability of 0.563714. Since the probability is greater than 0.05 (5%), the data is considered to be normally distributed. For the multicollinearity test, the correlation coefficient value between the independent variables is less than 0.90, indicating that there is no multicollinearity problem. The heteroscedasticity test results show a Prob. Chi-Square (Obs*R-squared) value of 0.4401, which is above 0.05, suggesting that there is no heteroscedasticity issue in the data. Regarding the autocorrelation test, the Durbin-Watson (DW) value is 1.551825. Since this value falls within the acceptable range of -2 to +2 ($-2 \leq DW \leq +2$), it can be concluded that there is no autocorrelation problem in the dataset.

Based on the results of the Chow test, the CrossSection Chi-Square value was obtained as 20.362278 with a probability value of 0.0158. These results indicate that the prob < 0.05. Therefore, the selected method to obtain the Chow test is the Fixed Effect Random (FEM) model. The next test is the Hausman Test, for the Cross-Section Chi-Square value of 1.749426 with a probability value of 0.7817 from the results of the Hausman test, so the selected method to be derived from the Hausman test is the Random Effect Model (REM). The Hausman test continued with the Lagrange Multiplier Test; in this study, the Breusch-Pagan Cross-section value was found to be 0.2061. From these results, it can be concluded that the best model selected for this study is the Common Effect Model (CEM). The following shows the results of the Common Effect Model (CEM) test that was carried out:

Table 3. Results Common Effect Model (CEM)

Variableg	Coefficientf	Std. Errorg	t-Statisticw	Prob.f
Ci	.126.6942	.23.10712	.5.482906	.0.0000
DPS	-.0.513135	.0.233773	-2.195017	.0.0334
ROA	-2.252230	1.105790	-2.036761	0.0476
DAR	0.102802	0.124867	0.823294	0.4147
UKP	-3.738167	1.210700	-3.087607	0.0035

Source: Processed data (Eviews 13.0 Output), 2024

Based on the model selection test results, the model used in this study is the Common Effect Model (CEMk). The regression equation resulting from the Common Effect Model (CEM r) is as follows:

$$ARL = 126.69416 + (-0.51313) DPS + (-2.25223) ROA + (0.10280) DAR + (-3.73817) UKP + e$$

From this model, the Determination Test results, using Eviews 13.0, can be seen in Table 4 below:

Table 4. Results of Determination Coefficient Test (R²)

R-squared	.0.407562	Mean dependent var	57.78000
Adjusted R-squared	=0.354901	S.D. dependent var	29.36560
S.E. of regression	23.58587	Akaike info criterion	9.253812
Sum of squared residual	25033.20	Schwarz criterion	9.445015
Log likelihood	-226.3453	Hannan-Quinn criterion	9.326623
F-statistic	7.739342	Durbin-Watson stat	1.551825
Prob (F-statistic)	=0.000078		

Source: Processed data (Eviews 13.0 Output), 2024

Table 4 shows the results of the Common Effect Model (CEM) test. The estimated R-squared value obtained is 0.354901, or 35%. This R-squared value indicates that the independent variables, particularly the Frequency of DPS Meetings, Profitability, Solvency, and Company Size, can explain 35% of the variation in the dependent variable, which is Audit Report Lag, categorizing the influence as moderate. The remaining 65% accounts for factors outside the scope of this research model. Table 5 shows the results of the F-statistical test on the following Common Effect Model.

Table 5. F Statistic Test Results (Simultaneous)

Common Effect Model	
R-squared	,0.407562
Adjusted R-squared	,0.354901
Prob (F-statistic)	,0.000078

Source: Processed data (Eviews 13.0 Output), 2024

The results of the F test in Table 5 show that the F-statistic value is 0.000078, which is smaller than 0.05 (<5%). This indicates that all independent variables, namely the Frequency of

DPS Meetings, Profitability, Solvency, and Company Size, have a simultaneous effect on Audit Report Lag. The testing continues with hypothesis testing using partial statistical tests (t-test):

Table 6. Results of T Statistic Test (Partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob
Cj	;126.6942	;23.10712	;5.482906	;0.0000
DPS	;-0.513135	;0.233773	-2.195017	;0.0334
ROA	-2.252230	1.105790	-2.036761	0.0476
DAR	0.102802	0.124867	0.823294	0.4147
UKP	-3.738167	1.210700	-3.087607	0.0035

Source: Processed data (Eviews 13.0 Output), 2024

Based on Table 6, the results of the Common Effect Model (CEM) test indicate that the variables DPS meeting frequency, profitability, and company size have a significant influence on Audit Report Lag. However, the solvency variable does not affect the Audit Report Lag of Islamic Commercial Banks in Indonesia.

The Influence of the Frequency of Sharia Supervisory Board Meetings on Audit Report Lag at Islamic Commercial Banks in Indonesia

The probability value based on Table 6 for the Frequency of Sharia Supervisory Board Meetings is 0.0334, which is not a critical value of 5% (<0.05); therefore, H_{a1} is accepted. This indicates that the Frequency of Sharia Supervisory Board Meetings has a partial effect on Audit Report Lag. An increasing frequency of meetings held by the DPS indicates greater activity among its members, which can expedite the annual reporting of the DPS's supervisory results. This, in turn, can shorten the occurrence of Audit Report Lag, as the DPS is obligated to issue an annual report on the oversight of all transactions and products to ensure they comply with Sharia Principles. This report will serve as a reference for public accountants before issuing the audit report on the financial statements. This is regulated in Circular No. 7/57/DPBs issued by the OJK.

These findings report a significant relationship between the meetings held throughout the year by the Sharia Supervisory Board and Audit Report Lag, which is consistent with the research of (Uyob et al., 2022; Zulfikar et al., 2020a) and contradicts the study by (Kaaroud et al., 2020), which states that the Frequency of DPS Meetings has no effect. This suggests that the function and role of the DPS are limited to oversight and the assessment of Sharia aspects concerning the activities, products, and services of Islamic banking (Riswan & Serly, 2023).

The Influence of Profitability on Audit Report Lag at Islamic Commercial Banks in Indonesia

The probability value based on Table 6 for the Profitability variable is 0.0476, which is not a critical value of 5% (<0.05); therefore, H_{a2} is accepted. This indicates that the Profitability Ratio has a partial effect on Audit Report Lag. Companies with a high profitability ratio reflect good internal control standards and strong performance, resulting in higher profits. Consequently, detailed audit examinations that take longer and prolong the audit process are unnecessary, which can expedite the Audit Report Lag (Hati & Sari, 2020).

This finding aligns with the research of (Abdillah et al., 2019; Bramasto et al., 2022a; Fujianti & Satria, 2020), but contradicts the studies by (Al-Faruqi, 2020; Asrofi & Widati, 2023; Illahi & Oknaryana, 2023). This contradiction arises because companies with both high and low-profit levels are required to publish reports on time, as regulated by OJK rules, which state that public

companies must submit annual reports to OJK to avoid penalties for non-compliance.

The Influence of the Solvency on Audit Report Lag at Islamic Commercial Banks in Indonesia

The probability value based on Table 6 for the Solvency variable is 0.4147, which is not a critical value of 5% (<0.05); therefore, H_{a3} is rejected. This means that the Solvency variable does not have a partial effect on Audit Report Lag. The percentage of high or low solvency levels does not influence the occurrence of Audit Report Lag. In conducting audit procedures, the total amount of debt and the number of debt holders will not affect the completion of the financial audit process. This aligns with the professional standards of public accountants, who ensure that adequate time is allocated for the auditing process.

This finding is supported by the research of (Agustina & Jaeni, 2022; Zakaria et al., 2018) and. However, it contrasts with the studies conducted by (Elani et al., 2021a; Wijaya et al., 2021). This shows that a company's solvency level has a significant impact on Audit Report Lag. Companies with high solvency or high debt levels may require additional analysis and verification, which can slow down the audit process and lead to report lags in delivering financial reports to stakeholders.

The Influence of the Company Size on Audit Report Lag at Islamic Commercial Banks in Indonesia

The probability value based on Table 6 for the Company Size variable is 0.0035, which is below the critical value of 5% (<0.05); therefore, H_{a4} is accepted. This indicates that Company Size has a partial effect on Audit Report Lag. Larger companies tend to have better internal controls in practice, as effective internal control can minimize misstatements in financial reporting. Moreover, substantial resources (assets) provide more information sources, a larger pool of professional accounting staff, and more sophisticated information systems, leading to a stronger internal control system. This study demonstrates that there is an influence of Company Size on Audit Report Lag, consistent with the research of (Daffa, 2023; Said et al., 2023; Tanjung & Aida, 2022). However, it contradicts the findings of (Imelda et al., 2024) and (Asrofi & Widati, 2023). Regardless of whether a company is large or small, management has worked professionally and to the best of their ability to reduce audit Report Lag.

CONCLUSIONS

Based on the results of the tests and discussions conducted, it can be concluded that the Frequency of Sharia Supervisory Board (DPS) Meetings affects Audit Report Lag (ARL). This is facilitated by the active engagement of the DPS in meetings, which leads to more effective meetings and accelerates the DPS reports, thereby expediting the publication of financial statements. The Profitability variable also has a partial effect on ARL; a high profitability ratio allows management to provide financial reports to auditors as quickly as possible, enabling faster issuance of audit reports. Additionally, Company Size has a significant partial influence on Audit Report Lag in Islamic commercial banks in Indonesia due to a high level of assets, which indicates better internal controls, competent and professional human resources, and more sophisticated systems, all of which can shorten the occurrence of audit report lag.

In contrast, Solvency has no partial effect on ARL, likely due to effective risk management policies in managing solvency aspects, allowing management to provide clear and complete supporting evidence and documentation to auditors. Simultaneously, the Frequency of Sharia Supervisory Board Meetings, Profitability, Solvency, and Company Size collectively influence Audit Report Lag in Islamic commercial banks in Indonesia. The implications of this research are aimed at reducing and addressing lags in the submission of audited financial reports of Islamic commercial banks in Indonesia. In this regard, Islamic commercial banks should strive to maximize the

effectiveness of the DPS, minimize the time for preparing financial statements under accounting standards, and ensure the inclusion of valid data to prevent lengthy audit processes. and Implementation of administrative or reputational penalties if the company continues to experience delays without valid reasons.

LIMITATION & FURTHER RESEARCH

The limitations of this study include the use of secondary data in the form of audited financial reports from Islamic commercial banks for the years 2019 to 2023, denominated in Indonesian Rupiah. The population examined is limited to Islamic commercial banks, and future research could expand the scope to include other Islamic financial institutions for analysis. The study examines independent variables, including the Frequency of Sharia Supervisory Board Meetings, Profitability, Solvency, and Company Size, with Audit Report Lag as the dependent variable. This research focuses on variables from within the company; future studies could expand the scope by including external factors that impact the company, such as KAP Reputation, Audit Opinion, Auditor Switching, and other external factors.

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