

ABSTRACT

This research was conducted with the aim of analyzing the influence of auditor busyness on audit report lag and the quality of financial reports. Auditor busyness is indicated by the number of clients that the Public Accounting Firm (KAP) serves during a year, audit report lag is measured by the number of days from a company's fiscal year-end to the signing of the audit report, and the quality of financial reports is indicated by the extent of earnings management performed.

The research employed secondary data, consisting of company financial reports and data from Bloomberg FEB Universitas Diponegoro. The study focused on data from manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2021. The research included 714 observations. Multiple linear regression analysis was used to examine the relationships among the variables in this study.

The results of this research indicate that auditor busyness has a positive effect on audit report lag, but it does not significantly affect the quality of financial reports. Additionally, it was found that there are other variables influencing audit report lag and the quality of financial reports apart from auditor busyness. This study implies potential risks associated with engaging a Public Accounting Firm with many clients. Selecting a busy KAP may increase the risk of extended audit report lag or delayed submission of audited financial reports. Therefore, regulators may consider establishing rules regarding client limits for KAPs or enhancing the competency and number of auditors to ensure a more equitable distribution of audit assignments.

Keywords: Auditor Busyness, Audit Report Lag, Quality of Financial Reports.

FEB UNDIP