Board Independence, Audit Committee Characteristics, and Sharia Supervisory Board on Audit Report Lag

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ABSTRACT

This study empirically examines the influence of board independence, audit committee size, audit committee expertise, audit committee meeting frequency, and the presence of Sharia Supervisory Boards (SSBs) on audit report lag. The research focuses on Islamic banking entities, specifically Islamic Commercial Banks (BUS) and Sharia Business Units (UUS) listed with the Financial Services Authority (OJK) in Indonesia during the 2019–2023 period. The sample was determined using a purposive sampling technique, resulting in 130 observations that met the specified research criteria. Data analysis was conducted using logistic regression to assess the relationship between the governance variables and audit report lag. The findings indicate that board independence, the frequency of audit committee meetings, and the presence of an SSB have a significant negative effect on audit report lag, suggesting these factors contribute to faster audit completion. In contrast, audit committee size and audit committee expertise do not exhibit a statistically significant effect. This study introduces a novel perspective by incorporating SSB variables and adapting the measurement approach to reflect the Indonesia Stock Exchange (IDX) policy, which extends the deadline for financial report submissions. The results provide valuable insights into the governance mechanisms that can potentially enhance audit efficiency and reduce audit report lag within the context of Islamic banking.

Keywords: Audit Report Lag; Board Independence; Audit Committee Characteristics; Sharia Supervisory Board; Islamic Banking;

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Komisaris Independen, Karakteristik Komite Audit dan Dewan Pengawas Syariah terhadap Audit Report Lag

ABSTRAK

Penelitian ini bertujuan untuk menguji secara empiris pengaruh komisaris independen, ukuran komite audit, keahlian komite audit, rapat komite audit dan dewan pengawas syariah terhadap audit report lag. Objek penelitian mencakup perbankan syariah, meliputi Bank Umum Syariah (BUS) dan Unit Usaha Syariah (UUS) yang tercatat di Otoritas Jasa Keuangan (OJK) selama kurun waktu 2019-2023. Penentuan sampel dilakukan melalui teknik purposive sampling, menghasilkan 130 sampel yang sesuai dengan kriteria penelitian. Analisis data dilakukan menggunakan regresi logistik. Temuan penelitian mengungkapkan bahwa komisaris independen, rapat komite audit dan keberadaan dewan pengawas syariah memiliki pengaruh negatif yang signifikan terhadap audit report lag. Sebaliknya, ukuran komite audit serta keahlian komite audit tidak memberikan pengaruh yang signifikan. Kebaruan penelitian ini terdapat pada penggunaan variabel SSB dan jenis pengukuran disebabkan oleh kebijakan Bursa Efek Indonesia (BEI) yang memperpanjang batas waktu penyampaian laporan keuangan. Penelitian ini memberikan pemahaman terkait faktor-faktor yang berpotensi memepercepat penyelesaian audit, serta mengurangi audit report lag.

Kata Kunci: *Audit Report Lag; Komisaris Independen; Karakteristik Komite Audit; Dewan Pengawas Syariah; Perbankan Syariah.*

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INTRODUCTION

Financial statements serve as a fundamental source of information for stakeholders, facilitating informed decision-making (Kaaroud et al., 2020). As a critical communication tool between banking institutions and stakeholders, financial statements play a strategic role in transparently presenting an entity's financial position and performance (Ojianwuna, 2023). Timely financial reporting is essential for ensuring information disclosure, enhancing accountability, and strengthening investor and customer confidence. According to Ozer et al. (2023), prompt report submission enables stakeholders to make well-informed economic and strategic decisions. Conversely, delays in financial reporting create market uncertainty, heighten risk perceptions, and diminish investor trust (Nisfiarani et al., 2023). Within the banking sector, such delays can impact liquidity, solvency, and regulatory assessments of financial health, signaling potential financial distress (Setiyowati & Januarti, 2022).

Audit report lag (or audit reporting delay) refers to the period between the end of the financial reporting year and the issuance date of the auditor's report. Typically measured in days, audit report lag reflects the efficiency of the audit process in completing the necessary financial statement verification and analysis (Krisyadi & Noviyanti, 2022). In this study, however, audit report lag is assessed using a dummy variable approach, categorizing reporting timeliness based on compliance with established deadlines. This method provides a sharper insight into the determinants of timely reporting, aligning with regulatory requirements. Specifically, the standard cut-off for annual financial reporting is March 31, as mandated by the Financial Services Authority (OJK) Regulation No. 14/PJOK.04/2022.

In response to the COVID-19 pandemic, regulatory authorities temporarily extended the reporting deadline to May 31, 2020, as outlined in the Relaxation of the Deadline for Submitting Financial Statements and Annual Reports (2020). This temporary extension altered the definition of timeliness for that period. However, in 2023, the policy was revoked, reinstating the March 31 deadline through Decree of the Board of Directors of PT Bursa Efek Indonesia No. Kep-00057/BEI/03-2023.

According to the Indonesia Stock Exchange (IDX) announcement on Submission of Audited Financial Statements, the number of firms failing to meet their audited financial reporting deadlines has increased significantly, particularly in 2020, as illustrated in Table 1.

Table 1. Companies Late in Submitting Audited Financial Statements

Annual Audit Report	Number of Companies
2019	30 Companies
2020	96 Companies
2021	91 Companies
2022	61 Companies
2023	6 Companies

Source: Data Obtained from Indonesia Stock Exchange, 2024

Despite strict regulatory requirements, many companies continue to struggle with timely financial reporting. This issue is also evident in the Islamic banking sector. As noted by Zulinovika et al. (2024), two Islamic banks—PT Bank Victoria Syariah and PT Bank BCA Syariah—experienced audit report lag in their

2022 financial statements. This finding highlights persistent challenges in meeting reporting obligations, even though penalties for late submissions are explicitly outlined in Stock Exchange Regulation No. I-H, Provisions II.6.2 and II.6.3, which impose fines of up to IDR 150,000,000.00 on public companies failing to submit their financial reports on time. These delays underscore the importance of timeliness, which is significantly influenced by auditors' adherence to professional standards (Putri, 2023). Audit report lag serves as a key indicator of financial reporting efficiency (Putri, 2023 and Ashton et al., 1989).

This study focuses on Islamic banking due to the sector's substantial growth in Indonesia (Faadilah & Ilham, 2024). Islamic banks are particularly sensitive to liquidity risk compared to their conventional counterparts, and their distinct operational framework may affect the duration of audit completion (Hamdi & Herianingrum, 2022; Prihatin, 2019). Given these factors, it is crucial to examine the determinants of audit report lag in this context.

Empirical studies have yielded mixed findings on the determinants of audit report lag (AURL). Board independence has been found to influence AURL in studies by Alexeyeva (2024) and Zulfikar et al. (2020), whereas Kaaroud et al. (2020) and Widjaja & Feliana (2022) found no significant relationship. Similarly, research on audit committee size presents inconsistent results. While some studies, such as Ghazi H Sulimany (2024); Setiyowati & Januarti (2022); Rusmanto & Herlina (2020); Yusnia & Kanti (2021), suggest a significant effect, others like Maharani & Redjo (2023); Rizkiana & Setiany (2023); Sudradjat et al. (2023); Wulandari & Barokah (2022); Nouraldeen et al. (2021); Rahmansyah et al. (2021); and Pradipta & Zalukhu (2020) report no significant relationship.

The impact of audit committee expertise is similarly inconclusive. While Wulandari & Barokah (2022) and Kaaroud et al. (2020) find a positive association, studies by Rizkiana & Setiany (2023); Widjaja & Feliana (2022); Pradipta & Zalukhu (2020); and Rusmanto & Herlina (2020) report no significant effect. Likewise, mixed findings are observed for audit committee meetings: some studies by Sudradjat et al. (2023),Rizkiana & Setiany (2023) and Widjaja & Feliana (2022) find a significant impact, whereas others like Wulandari & Barokah (2022), Chalu (2021); Pradipta & Zalukhu (2020); Rusmanto & Herlina (2020) do not.

The role of the Sharia Supervisory Board (SSB) in audit report lag remains uncertain. Zulfikar et al. (2020) found a significant effect, whereas Riswan & Serly (2023) reported otherwise. These discrepancies highlight the need for further investigation into the relationship between corporate governance mechanisms and audit report lag, particularly in Islamic banking.

This study extends prior research by Kaaroud et al. (2020) by analyzing a different period and geographic context while incorporating the Sharia Supervisory Board (SSB) as an additional independent variable. The inclusion of the SSB is justified by its distinctive governance role in Islamic banks, which differentiates them from conventional financial institutions. The SSB ensures compliance with Islamic financial principles, exerting considerable influence over governance and financial reporting practices (Darwanto & Chariri, 2019). As Islamic banks continue to expand in developing economies, including Indonesia, Kotb Abdelrahman Radwan et al. (2023) found that understanding the factors affecting financial reporting timeliness—including audit report lag—becomes increasingly critical.

This study aims to fill the existing research gap by exploring audit report lag in the Islamic banking sector, an area with limited empirical evidence. The findings are expected to provide practical implications for policymakers and regulators, particularly in enhancing the effectiveness of the SSB as a corporate governance mechanism. Furthermore, this study contributes to the development of regulatory frameworks that promote timely financial reporting in Islamic financial institutions, thereby reinforcing public trust in this sector, especially in emerging markets.

From a theoretical perspective, agency theory posits that the separation of ownership and control creates information asymmetry between principals (owners) and agents (managers), potentially leading to agency conflicts (Jensen & Meckling, 1976). Within this framework, board independence functions as a monitoring mechanism that mitigates audit report lag by ensuring timely financial disclosure (Fama & Jensen, 1983). A well-structured corporate governance framework, supported by effective oversight, enhances external audit efficiency as found by Nouraldeen et al. (2021). A higher proportion of independent directors strengthens governance by compelling management to adhere to reporting deadlines. Consistently, research found that stronger compliance with board regulations enables firms to meet OJK requirements more effectively, reducing audit report lag (Zulfikar et al., 2020). Similarly, studies by Alexeyeva (2024) and Zulfikar et al. (2020) suggest a negative association between board independence and audit report lag. Based on this, the proposed hypothesis is:
H_1: Board independence has a negative effect on audit report lag.

Agency theory posits that a larger audit committee enhances supervisory effectiveness, thereby expediting financial reporting and reducing audit report delays (Putri, 2023; Raimo et al., 2021). Knapp (1987) highlights that when audit committee members lack technical expertise, auditors may avoid addressing complex issues, potentially compromising financial reporting quality. Oussii & Taktak, (2018) further argue that an optimal number of audit committee members is crucial for achieving oversight effectiveness. Consistent with this perspective, studies by Sudradjat et al. (2023;) Setiyowati & Januarti (2022); Yusnia & Kanti (2021) and Rusmanto & Herlina (2020) demonstrate a negative relationship between audit committee size and audit report lag, indicating that a larger audit committee is associated with reduced reporting delays.
H_2: Audit committee size has a negative effect on audit report lag.

Audit committee expertise is defined as the knowledge and skills in accounting and finance possessed by its members (Lajmi & Yab, 2022). The presence of financially literate members enhances the committee’s ability to oversee financial reporting processes effectively, thereby minimizing audit report delays (Kaaroud et al., 2020). According to agency theory by Jensen & Meckling (1976), conflicts of interest between management and shareholders often result in reporting uncertainties. To mitigate these delays, it is essential for audit committees to possess the requisite expertise to ensure timely audit report issuance. Empirical evidence from Wulandari & Barokah (2022) and Kaaroud et al.

(2020), confirms a significantly negative impact of audit committee expertise on audit report lag.

H_3: Audit committee expertise has a negative influence on audit report lag.

According to OJK Regulation No. 55/2015, audit committees are mandated to convene at least quarterly (Widhiastuti, 2022). Within the framework of agency theory, the frequency of these meetings reflects the intensity of oversight. More frequent meetings allow for the prompt identification and resolution of issues, thereby accelerating the audit process (Ishaka et al., 2023). Increased meeting frequency enhances oversight effectiveness, particularly in the preparation and reporting of financial information. Sudradjat et al. (2023) emphasize that more frequent audit committee meetings provide greater opportunities for members to effectively oversee the audit process, leading to shorter audit report lag. Similar findings by Widjaja & Feliana (2022) indicate that regular audit committee meetings significantly reduce delays in audit report preparation.

H_4: Audit committee meetings have a negative influence on audit report lag.

From an agency theory perspective, the Sharia Supervisory Board (SSB) plays a critical role in ensuring that management adheres to Sharia principles, thereby reducing information asymmetry and audit risk. The SSB is responsible for overseeing and directing the bank's daily operations to ensure compliance with Sharia guidelines (Ilyas, 2021). Adherence to these principles is crucial in Islamic banking, ensuring that all products and policies align with Sharia law. A larger SSB can enhance supervisory effectiveness, thus expediting the audit process and reducing report delays. Consistent with this view, Zulfikar et al. (2020) found that the SSB significantly negatively impacts audit report lag, suggesting that effective Sharia compliance oversight accelerates audit completion.

H_5: The Sharia Supervisory Board (SSB) has a negative influence on audit report lag.

This study conceptualizes audit report lag as the dependent variable, while the independent variables encompass board independence, audit committee size, audit committee expertise, audit committee meetings, and the Sharia Supervisory Board. These relationships are investigated to better understand the governance factors influencing audit timeliness in the context of Islamic banking.

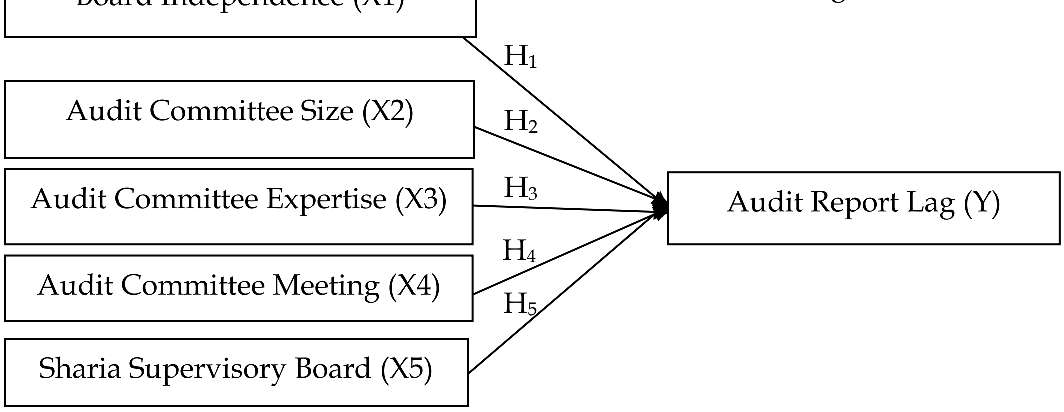

Figure 1 . Model Research

Source: Research Data, 2024

RESEARCH METHODS

This study adopts an associative quantitative approach to investigate the research hypotheses. The research population comprises Indonesian Islamic banking institutions, including Islamic Commercial Banks (BUS) and Islamic Business Units (UUS), during the 2019–2023 period. The study employs logistic regression for data analysis, utilizing EViews software. Logistic regression is deemed appropriate as the dependent variable, Audit Report Lag (AURL), is a binary (dummy) variable.

The selection of a dummy variable for AURL reflects the policy changes regarding financial reporting deadlines introduced by the Indonesia Stock Exchange. Specifically, the 2020 policy extended the reporting deadline due to the COVID-19 pandemic, allowing submissions until May 31. This policy was revoked in 2023, reinstating the March 31 deadline. The changes in reporting deadlines serve as the basis for defining and measuring the timeliness of financial reporting in this study.

The sample was determined using a purposive sampling technique, focusing on BUS and UUS that consistently report their financial statements and provide complete data for the variables under investigation. This ensures the sample is representative of entities that meet the criteria for rigorous financial reporting practices.

Table1 . Sample Selection Results

No.	Sample Criteria	Total
1.	Sharia Commercial Banks and Sharia Business Units listed in the Financial Services Authority during the 2019-2023 period.	29
2.	BUS and UUS that did not report their audit reports during the 2019-2023 period.	(1)
3.	BUS and UUS that do not present comprehensive data related to research variables during the period 2019- 2023.	(2)
Number of company samples		26
Year of research		5
Data Observation		130

Source: Research Data, 2024

This study employs Audit Report Lag (AURL), or audit reporting delay, as the dependent variable. AURL is measured based on the timeliness of a company in completing its audit report, calculated as the number of days between the end of the financial year and the date the audit report is signed by the auditor. A delay is identified when the time difference exceeds 90 days, in which case a dummy code of 1 is assigned. Conversely, if the difference is 90 days or less, it is categorized as timely and assigned a dummy code of 0.

The measurement used in this study differs from prior research due to regulatory policies affecting financial reporting deadlines. Specifically, during the 2019–2021 period, the Indonesia Stock Exchange implemented a policy extending the reporting deadline by 61 days, resulting in a total deadline of 151 days (Relaxation of the Deadline for Submitting Financial Statements and Annual Reports, 2020). Under this policy, audit reports issued after 151 days were coded as 1 (late), while reports issued within 151 days were coded as 0 (on time). For the

2022–2023 period, the extension policy was revoked, reverting the reporting deadline to 90 days (Revocation of the Policy on Relaxation of the Deadline for Submitting Financial Statements and Annual Reports, 2023). The same dummy coding approach was applied for this timeframe.

The independent variable in this study is Board Independence (BIND), which is measured as the ratio of independent board members to total board members. An independent board plays a critical role in enhancing oversight of management actions, thereby reducing the likelihood of managerial behavior driven by self-interest (Fama & Jensen, 1983). According to Sudradjat & Mai's (2022), Board Independence (BI) is measured as follows:

$$\text{BIND} = \frac{\text{Number of Independent Commissioners}}{\text{Number of Board of Commissioners}} \times 100\% \quad (1)$$

The audit committee has the responsibility to monitor company activities. Audit Committee Size (ACSIZE) refers to the number of members contained in the company's audit committee (Rinta, 2021). This study adapts the formulation of the audit committee size developed by Chalu (2021) as described below:

ACSIZE = Number of Audit Committee Member ....(2)

Audit Committee Expertise (ACEXP) refers to the level of expertise of audit committee members in accounting and finance. According to Lajmi & Yab (2022), audit committee members who have educational backgrounds and certifications in these fields are considered more competent in carrying out oversight functions on financial reporting and auditing. Measurement of audit committee expertise can be done by evaluating the proportion of committee members who have education, certification, or professional experience in the accounting or financial sector, as described in the research of Wulandari & Barokah (2022).

$$\text{ACEXP} = \frac{\text{Number of Aduit Committee Member with Accounting or Finance}}{\text{Total Audit Committe Members}} \times 100\% \quad (3)$$

Audit Committee Meetings (AGM) refers to the number of meetings held by the audit committee in a given period. The purpose of this meeting is to monitor and evaluate financial reports and ensure compliance with audit regulations. Measurement of audit committee meetings can be seen from the frequency of meetings held in a year, as explained by (Kaaroud et al., 2020).The systematic measurement can be described as follows:

ACMEET = Number of Audit Committee Meetings in One Year ....(4)

One of the bodies responsible for ensuring that a company's financial activities and merchandise comply with Shariah principles is the SSB This board is crucial for ensuring that the company complies with Islamic law in its operations and financial statements. According to the study of Zulfikar et al. (2020), the measurement of SSB is determined from the number of SSB members in the company. Systematically, it is described as follows:

SSB = Number of Sharia Supervisory Board...(5)

This study applies logistic regression testing techniques to analyze the data, given that the dependent variable is a dummy variable. Several tests were conducted, including the overall model test, model feasibility test, multicollinearity test, descriptive statistics test, coefficient of determination test, and hypothesis testing, all of which were processed using Eviews 12 software. The logistic regression model applied in this study is:

$$\text{Ln} \; \underline{\text{AURL}} = \alpha + \beta 1\text{BIND} + \beta 2\text{ACSIZE} + \beta 3\text{ACEXP} + \beta 4\text{ACMEET} + \beta 5\text{SSB} + e$$

1-AURL

Where:

$Ln\frac{AURL}{1-AURL}$	= Probability of audit report delay.
α	= Constant
β1 - β4	= Regression coefficient
BIND	= Board Independence
ACSIZE	= Audit Committee Size
ACEXP	= Audit Committee Expertise
ACMEET	= Audit Committee Meeting
DPS	= Sharia Supervisory Board
e	= Residual error

RESULTS AND DISCUSSION

Table 2. ***Overal Model Fit Test*** **Results**

LR Statistic	24,7198

Source: Research Data, 2024

overall model fit test results listed in Table 2 show that the probability value (LR statistic) is 0.000158 < 0.05. This indicates that the variables BIND, ACSIZE, ACEXP, ACMEET, and SSB simultaneously affect the dependent variable, namely AURL. Furthermore, this finding also confirms that the research model fits the data used in the analysis.

Table 3. Model Fit Test Results ***(Hosmer and Lemeshow Goodness of Fit)***

H-L Statistic	7,1445	Prob. Chi-Sq (8)	0,5211

Source: Research Data, 2024

The results of the Hosmer and Lemeshow test as shown in Table 4.2 show an HL statistic of 7.1145 and a Chi-Square probability value of 0.5211. This implies that the tested model has met the eligibility criteria. The probability value above 0.05 (0.5211 < 0.05) indicates that there is no difference between the logistic regression estimated data and the data used in the study, so this model is considered fit.

Table 4. Multicollinearity Test Results

	AURL	BIND	ACSIZE	ACEXP	ACMEET	SSB
AURL	1,000	-0,059	0,009	-0,039	-0,052	-0,069
BIND	-0,059	1,000	-0,189	0,082	0,023	-0,126
ACSIZE	0,009	-0.189	1,000	0,073	0,151	0,220
ACEXP	-0,039	0,081	0,073	1,000	0,085	0,111
ACMEET	-0,051	0,023	0,151	0,085	1,000	0,008
SSB	-0,069	-0,126	0,220	0,111	0,008	1,000

Source: Research Data, 2024

Based on Table 3, it can be seen that there is no strong correlation between the independent variables, which can be seen from the coefficient value of each variable which is< 0.9. Therefore, it can be concluded that this study is free from multicollinearity problems.

Table 5. Descriptive Statistics Test Results

Variables	Mean	Median	Maximum	Minimum	Standard Dev.
AURL	0.015	0.000	1.000	0.000	0.123
BIND	0.649	0.670	1. 000	0.400	0.137
ACSIZE	3.938	4.000	7.000	3.000	0.830
ACEXP	0.705	0.750	1.000	0.200	0.260
ACMEET	18.942	16.000	109.000	4.000	13.301
SSB	2.315	2.000	4.000	1.000	0.569

Source: Research Data, 2024

The AURL variable, being a dummy variable, records a minimum value of 0.000 and a maximum value of 1.000. A value of 0 indicates timely audit reporting, while a value of 1 represents delayed reporting. The mean value of 0.015 suggests that 1.5% of the observations experienced audit delays, while the standard deviation of 0.123 indicates that the majority of companies submitted their audit reports on time.

For the BIND (Board Independence) variable, the minimum value is 0.400, and the maximum value is 1.000, with the latter indicating companies where the entire board of commissioners is independent. The average value of 0.649 shows that approximately 65% of board members in the sampled companies are independent. The standard deviation of 0.137 reflects a relatively low level of variation, indicating that most companies maintain a similar proportion of independent board members.

The ACSIZE (Audit Committee Size) variable ranges from a minimum of 3.000 to a maximum of 7.000, representing the number of audit committee members in the companies. The mean value of 3.938 indicates that companies generally have an average of 4 audit committee members, with a standard deviation of 0.830, reflecting minimal variation in the size of audit committees across companies.

The ACEXP (Audit Committee Expertise) variable has a minimum value of 0.200 and a maximum value of 1.000, with the latter indicating companies where all audit committee members possess expertise in accounting or finance. The mean value of 0.705 suggests that approximately 70.5% of audit committee members in the sampled companies have expertise in accounting or finance. The standard deviation of 0.260 reflects that most companies maintain a high and relatively consistent level of audit committee expertise.

The ACMEET (Audit Committee Meetings) variable shows a minimum value of 4.000 and a maximum value of 109.000. The mean value of 18.492 indicates that companies, on average, conduct approximately 18 audit committee meetings per year. The maximum value of 109.000, recorded for BPD West Kalimantan in 2023, reflects an outlier with significantly higher meeting frequency than other companies. The standard deviation of 13.301 highlights considerable variation in the number of meetings across companies.

Lastly, the SSB (Sharia Supervisory Board) variable has a minimum value of 1.000 and a maximum value of 4.000. The mean value of 2.315 indicates that most companies have between 2 and 3 SSB members. The standard deviation of 0.569 suggests relatively low variability in the number of SSB members, with most companies maintaining a similar composition of their Sharia Supervisory Board.

Table 6. Test Results of the Coefficient of Determination *(McFadden R-squared)*

McFadden R-squared	0.119

Source: Research Data, 2024

Mcfadden R-squared listed in Table 6 shows a value of 0.119 or about 12%. This figure indicates that the variables BIND, ACSIZE, ACEXP, ACMEET, and SSB are able to explain the variation in the disclosure of corporate financial statements by 12%. Meanwhile, the remaining 88% is influenced by various other factors not included in the study.

Table 7. Logistic Regression Test Results

Variable	*Coefficient*	*Std. Error*	*z-Statistic*	*Prob.*
(Constant)	3.393	2.455	1.381	0.167
BIND	-5.548	2.290	-2.422	0.015
ACSIZE	0.528	0.355	1.486	0.137
ACEXP	-0.872	0.920	-0.947	0.343
ACMEET	-0.080	0.034	-2.320	0.020
SSB	-2.096	0.684	-3.065	0.002

Source: Research Data, 2024

The regression results presented in Table 7 reveal that Board Independence (BIND) has a significant effect on Audit Report Lag (AURL), with a p-value of 0.0154, below the 0.05 significance threshold, and a negative regression coefficient of -5.548497. Consequently, the first hypothesis (H1) is accepted. This finding suggests that greater independence of the board of commissioners is associated with a reduction in audit reporting delays. These results align with prior studies (Alexeyeva, 2024; Wisdom et al., 2022), which argue that independent boards are more likely to supervise effectively and reduce the risk of collusion with management (Fama & Jensen, 1983).

The acceptance of the first hypothesis is consistent with agency theory, which emphasizes the supervisory role of independent boards in safeguarding shareholder interests. According to previous research, independent boards mitigate conflicts of interest between management (agents) and shareholders (principals) (Ooko, 2024). This is supported by Fama & Jensen (1983), who highlight that an independent board enhances the quality of oversight and internal controls by maintaining objectivity and minimizing managerial bias. Effective oversight from independent boards contributes to timely identification and resolution of financial reporting weaknesses, thereby reducing delays (Alexeyeva, 2024).

The regression results for Audit Committee Size (ACSIZE) indicate no significant impact on AURL, with a p-value of 0.1370, exceeding the 0.05 threshold. Thus, the second hypothesis (H2) is rejected. These findings are consistent with studies by Maharani & Redjo (2023); Rizkiana & Setiany (2023); Sudradjat et al. (2023); Wulandari & Barokah (2022); Nouraldeen et al. (2021); Rahmansyah et al. (2021) and Pradipta & Zalukhu (2020), which also found no significant relationship between audit committee size and AURL. While agency theory suggests that larger audit committees should improve oversight and reduce reporting delays, the results indicate that size alone does not ensure effectiveness.

The rejection of the second hypothesis contrasts with studies by Manalu et al. (2023); Setiyowati & Januarti (2022); Yusnia & Kanti (2021) and Rusmanto & Herlina (2020), which found that larger audit committees expedite financial reporting. However, these findings suggest that the effectiveness of oversight depends more on the quality and active involvement of members than on committee size. Expertise, engagement, and interaction within the audit committee may play a more critical role in mitigating delays than the mere number of members.

The results also indicate that Audit Committee Expertise (ACEXP) does not significantly affect AURL, as evidenced by a p-value of 0.3432, which exceeds the 0.05 threshold. As a result, the third hypothesis (H3) is rejected. These findings align with the results of Rizkiana & Setiany (2023); Widjaja & Feliana (2022); Pradipta & Zalukhu (2020); and Rusmanto & Herlina (2020), who similarly concluded that expertise in accounting and finance among audit committee members does not necessarily reduce reporting delays.

From an agency theory perspective, audit committee expertise is expected to enhance oversight and mitigate conflicts between management and shareholders. However, the findings suggest that expertise alone may not directly influence audit timeliness. Factors such as organizational complexity, external pressures, and management-auditor dynamics may limit the impact of expertise on audit duration. This underscores the importance of focusing not only on technical qualifications but also on the practical application of expertise in oversight activities (Rizkiana & Setiany, 2023).

The regression analysis for Audit Committee Meetings (ACMEET) demonstrates a significant effect on AURL, with a p-value of 0.0203, below the 0.05 threshold, and a negative relationship. Thus, the fourth hypothesis (H4) is accepted. This finding indicates that more frequent audit committee meetings are associated with shorter audit reporting delays. The results are consistent with prior studies by Rizkiana & Setiany (2023); Sudradjat et al. (2023); and Widjaja & Feliana (2022), which emphasize that frequent meetings enhance oversight effectiveness, allowing the committee to promptly address obstacles in financial reporting and expedite audit completion.

The acceptance of the fourth hypothesis supports agency theory, which posits that frequent meetings reflect intensive supervision, reducing information asymmetry and conflicts of interest between management and shareholders. Regular meetings improve management accountability, facilitate timely decision-making, and enhance the audit committee's ability to oversee financial reporting processes, thereby reducing AURL (Widjaja & Feliana, 2022).

Finally, the regression analysis shows that Sharia Supervisory Board (SSB) has a significant impact on AURL, with a p-value of 0.0022, below the 0.05 threshold, and a negative regression coefficient of -2.096760. Consequently, the fifth hypothesis (H5) is accepted, indicating that a larger SSB contributes to a reduction in audit reporting delays. This finding aligns with the study by Zulfikar et al. (2020), which highlights the critical role of SSB in improving financial reporting efficiency through active supervision of Sharia compliance.

The acceptance of the fifth hypothesis further supports agency theory, wherein a larger SSB enhances supervision and reduces conflicts of interest between principals and agents (Jaffar et al., 2021). By ensuring compliance with Sharia principles, the SSB not only increases stakeholder confidence but also minimizes potential issues in financial statements, thereby expediting the audit process (Riswan & Serly, 2023).

CONCLUSIONS

The test results indicate that, between 2019 and 2023, audit report lag (AURL) in Islamic banks listed with the Financial Services Authority (OJK) was negatively influenced by board independence, audit committee meetings, and Sharia Supervisory Board (SSB) oversight. Conversely, audit committee size and audit committee expertise did not exhibit a significant impact on AURL. These findings suggest that enhancing board independence, increasing the frequency of audit committee meetings, and strengthening SSB supervision contribute to the timely completion of audit reports. Consequently, these governance mechanisms play a crucial role in improving the quality and reliability of financial reporting in Islamic banking.

Despite its contributions, this study has certain limitations that should be acknowledged. The primary limitation is the sample size, which consists of only 26 Islamic banks. This relatively small sample may affect the generalizability of the findings and limit the statistical power of the tests. To enhance external validity, future research should consider expanding the scope of the study to include a more diverse and representative sample of Islamic financial institutions, enabling a broader and more comparative analysis of audit report lag determinants across the sector.

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