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Auditor-client Geographic Proximity,CEO Financial Expertise, Financial Distress and Female Audit Committee on Audit Timeliness

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ABSTRACT

This study aims to examine the effect of auditor-client geographic distance, ceo financial expertise, financial distress, and female audit committee on audit timeliness. This research uses a quantitative approach with secondary data. The population in this study were all companies listed on the IDX in the period 2020 to 2022. The number of samples in this study were 372 observation. obtained using a sample withdrawal technique in the form of purposive sampling technique. The results showed that auditor-client geographic distance had no significant effect on the timeliness of financial report submission, CEO Financial Expertise and Female audit committee had a negative effect on Audit timeliness, Financial Distress had a positive effect on Audit timeliness. Based on the results of the research that has been done, it is found that there are still many companies that are late in submitting audited financial reports. Therefore, the government must emphasize the regulations regarding the deadline for submitting audited financial reports so that companies submit audited financial reports in a timely manner.

1. INTRODUCTION

Go-public companies are required to submit their financial reports to the public because these financial reports are a form of accountability for the management of resources given and entrusted by the public to the company (Abdillah et al. 2019). Financial reports are also the output of an entity's accounting process in a period which is a useful source of information for readers for decision making. Financial reports can have quality and benefits for users if the financial statements meet the qualitative characteristics of financial statements consisting of: reliable, understandable, comparable, and relevant (IAI, 2019). The relevance of information in financial statements can be maintained if the presentation of financial statements is carried out in a timely manner (Hati & Laksito, 2019). This is supported by the regulation of the Indonesia Stock Exchange in the Amendment to Regulation Number I-E concerning Obligations to Submit Information on the Exchange in the Decree of the Board of Directors of the Indonesia Stock Exchange Number Kep-00015/BEI/01- 2021. The regulation states that every public company is required to submit annual financial statements that have been audited by an independent auditor no later than the end of the 3rd month after the date of the annual audited financial statements (www.idx.co.id), however, there are still many issuers who publish their financial statements past the predetermined deadline.

Data shows that in 2017 and 2018, there were 10 emitens that did not submit their audited financial reports on time and were given Written Warning III by the IDX. A total of 26 issuers did not submit their audited financial reports on time in 2019, and for 2020, there were 36 issuers that did not submit financial reports and/or did not fulfill the obligation to pay previous fines. The largest number of companies that were not on time was in 2021, with 49 issuers. Companies that are late in submitting their financial reports must receive sanctions regulated in POJK Number 29 / POJK.04 / 2016 article 19 (Indrayani & Wiratmaja, 2021). Sanctions that will be received can be in the form of written warnings, fines, restrictions on business activities, suspension of business activities, revocation of business licenses, cancellation of approval, and cancellation of registration (OJK, 2016). The Indonesia Stock Exchange will give Written Warning I if the issuer exceeds the predetermined submission deadline from the predetermined deadline until the 30th calendar day. Written Warning II and an additional fine of Rp. 50,000,000 from the 31st calendar day to the 60th calendar day. Written Warning III plus a fine of IDR 150,000,000, - starting from the 61st calendar day to the 90th calendar day. Finally, sanctions in the form of suspension, i.e. temporary suspension of trading in the issuer's shares, will be given if starting from the 91st day after the deadline for submitting the financial statements, the issuer still does not fulfill the obligation to submit financial statements or the issuer has submitted financial statements but does not fulfill the obligation to pay the previous fine.

Financial reports cannot be published immediately after completion, but must go through the audit process first. In line with agency theory which explains the conflict between the owner of capital (principal) and management (agent) due to differences in interests and information asymmetry in the relationship they establish (Frischanita, 2018). The audit process carried out by an independent party, namely an external auditor, is needed to reduce this information asymmetry, but, on the other hand, investors want financial reports to be published in a timely manner because they need the financial report information as soon as possible. According to Pratama & Haryanto (2014), signaling theory suggests that companies that are not on time will be considered to have poor quality by investors because financial reports that are submitted on time will give bad signals to investors. Financial statements are the final result of the accounting process that provides information about the company's financial condition that is useful for investors for the current time period, lenders, creditors, and others who will be used to make decisions as capital providers (Kieseo et al. 2019). Companies are expected to have efficiency in terms of financial reporting which is one of the main factors in the quality of annual reporting (Salehi et al. 2018).

Timeliness of Financial Report Submission is influenced by two main factors, namely internal factors and external factors. The internal factors studied in this study are the ratio of female audit committees, ceo financial expertise and financial distress, while the external factors studied in this study are auditor-client geographic distance. Research on these variables is carried out because the results of previous research on the effect of these independent variables on the variable timeliness in submitting financial reports are still inconsistent.

Auditor-Client Geographic Distance is the proximity between the auditors of the Public Accounting Firm (KAP) and the client company geographically. If the client hires an auditor from a KAP that has a closer distance, which has a distance of ≤100 km to the client's head office, the audited financial statements will be issued in a more timely manner because the auditor can obtain client-specific knowledge more easily than a KAP with a long geographical distance (Dong et al., 2018). Seeing the availability of technology in this increasingly modern era, it makes it easier for auditors to obtain company information wherever the auditor is, as well as with the availability of tools that can make it easier for auditors to work remotely, allowing geographic distance to no longer have a significant effect on the Timeliness of Submitting Financial Statements. This is in line with research conducted by Zakiyyatunnisa (2019) which found that Auditor-Client Geographic Distance has no effect on the Timeliness of Submitting Financial Statements.

Some studies argue that CEO characteristics such as CEO financial expertise can affect the reporting time of audited financial statements. This is based on the relationship between CEO characteristics and timely audit reporting is the fact that financial reports are the result of interaction between management and external auditors (Baatwah et al., 2015). CEO Financial Expertise is the CEO's ability in financial matters obtained from education in accounting and other fields related to finance (Afriliana & Ariani, 2020).

Previous research conducted by Afriliana & Ariani (2020) examined the effect of CEO financial expertise using a sample of manufacturing companies listed on the IDX for the 2015-2017 period. The results showed that CEO financial expertise has a negative effect on the timeliness of audit financial reporting. The results of this study are consistent with the results of research conducted by Salehi et al. (2018) using a sample of companies listed on the Tehran Stock Exchange for the period 2013-2016. The results of this study illustrate that CEOs who have good skills and knowledge of accounting or finance can reduce the time span required in preparing the company's financial statements. Meanwhile, research by Anggraini (2020) using a sample of manufacturing companies listed on the IDX for the 2013-2015 period said that CEO Financial Expertise has no effect on the timing of audited financial reporting and found that CEO Financial Expertise has a positive effect on audited financial reporting time.

Timeliness in terms of submitting annual financial reports is also thought to be influenced by Financial Distress. Financial Distress is a company's unhealthy financial condition that causes a financial crisis and occurs before the company goes bankrupt (Parahyta & Herawaty, 2020). Financial Distress occurs when the company's operating results are unable to fulfill obligations (Indrayani & Wiratmaja, 2021).

Research by Indrayani & Wiratmaja (2021) examines the effect of financial distress on audit report lag using mining companies on the IDX in 2016-2019. The results showed that financial distress has a positive effect on audit report lag. The results of this study are consistent with research conducted by Angelia & Mawardi (2021) using a sample of manufacturing companies listed on the IDX. Himawan & Venda (2020) examined the same thing using a sample of manufacturing companies in the consumer goods industry sector listed on the IDX in 2014-2018, getting the result that Financial Distress will have a negative effect on the reporting time of audited financial statements. The results of this study are different from Sari et al. (2019) using a sample of banking and financing sector companies listed on the IDX in 2012-2016 shows that Financial Distress has no effect on the reporting time of audited financial statements.

Research on the relationship between the Female Audit Committee Ratio and the Timeliness of Submitting Financial Statements has been conducted previously, however, there are inconsistencies in the results of these studies. Research conducted by Aifuwa et al. (2020) states that the Female Audit Committee Ratio has a negative influence on the Timeliness of Submitting Financial Statements. This research is in line with research conducted by Anugrah & Laksito (2017) who conducted research on non-financial companies on the IDX, but research conducted by Saragih & Laksito (2021) on trading, service and investment companies stated different results, where the Female Audit Committee Ratio has no significant effect on the Timeliness of Submitting Financial Statements.

2. LITERATURE REVIEW AND HYPOTHESIS

Agency Theory

According to Jensen & Meckling (1976) this theory contains a relationship in the form of a contract between the employer (principal) and another person as an agent who will perform services. The agent is the management of the company, while the principal is the owner of the capital. The existence of differences in interests and information asymmetry in this relationship, causing frequent conflicts between agents and owners. As a solution, the audit process can be carried out by an independent party to mediate the conflict. Agency problems can cause information asymmetry or information mismatches. Information asymmetry is a situation where the agent knows more information about the company than the principal (Darma Yanti & Badera, 2018). Information mismatches can lead to abuse of authority by agents. Agents will be encouraged not to convey or provide inappropriate information to the principal for the benefit of the agent (Afriliana & Ariani, 2020). Information asymmetry can be overcome through the role of a third party, namely the external auditor. The external auditor is tasked with conducting an audit and providing an opinion on the financial statements that have been prepared by the agent so that the financial statements can be relied upon and trusted by the principal in making decisions.

Signaling Theory

According to Kustanti (2016), signaling theory explains why companies are motivated to disclose information voluntarily to the market even though there are no rules that require it. This information can be seen from the company's financial statements. Companies that have good quality tend to publish their financial reports in a more timely manner because timely submission of financial reports is a way to provide positive signals (good news) to users of financial statements. This positive signal will cause an increase in the company's stock price and vice versa (Pratama & Haryanto, 2014).

Signaling Theory explains the role of managers who should convey information about the company to interested parties (investors). The information conveyed by the company to investors is called a signal. Submission of financial reports can be used by management as a tool to signal to investors. Signals received when information is conveyed in financial reports can be bad news or good news (Sabella et al., 2021). The signals given are intended to invite investors to invest in the company.

The market will respond to the information provided by the company as good news or bad news (Sari et al., 2019). Investors will decide to invest after seeing the timely submission of financial reports by the company. If investors receive bad news signals from a company, the stock price will decrease (Putri & Yusuf, 2020). Delays in submitting financial reports or Audit Report Lag will be a bad news signal received by investors. The longer the span of the audit report lag, the less relevant the information is in decision making.

Audit Timeliness (Y)

The timeliness of submitting audited financial reports is a time interval in which financial reports should be presented to provide information about the company that will affect decision making (Putri, 2020). Financial reports are said to be presented in a timely manner when financial statement information does not lose its capability for decision making. According to Syofyan et al. (2021) the timely publication of financial reports has a very important role in economic decision making. The more the financial statements are published not on time, the less useful the information in the financial statements will be for decision makers.

Auditor-Client Geographic Distance (X1)

Auditor-Client Geographic Distance is how close the distance between the auditor of the KAP and the client company geographically. Auditors are said to have a close distance if they have a distance of ≤100 km with their client companies and are referred to as local auditors, while auditors who have a long distance, which is >100 km with their client companies, are referred to as non-local auditors (Dong et al., 2018). There are many advantages when the geographical location between the auditor and the client company is closer, both for the company and for the auditor, one of which is the submission of audited financial statements in a more timely manner.

CEO Financial Expertise

CEO Financial Expertise is the educational background of the CEO in accounting or finance. (Afriliana & Ariani, 2020). According to Baatwah et al. 2015) a CEO with financial expertise can help reduce the level of errors in estimates and judgments, overcome serious accounting problems, and make it easier for external auditors to discuss and negotiate about accounting problems contained in financial statements.

Financial Distress

Financial Distress is a company's financial condition that is experiencing difficulties resulting in a crisis and occurs before the company goes bankrupt. (Parahyta & Herawaty, 2020). Financial distress occurs when the company is unable to meet short-term obligations including liquidity obligations, and obligations in the solvency category. (Himawan & Venda, 2020).

Female Audit Committee Ratio

The audit committee is one of several committees that must be owned by an issuer. This committee is formed by the Board of Commissioners in a company and has responsibility to the Board of Commissioners itself to help carry out its functions and duties. (IKAI, 2022). Audit committees that are female tend to work more systematically and carefully in handling their duties and thus creating an increase in the effectiveness of supervision of management in preparing financial reports (Susandya & Suryandari, 2021).

Hypothesis Development

The Effect of Auditor-Client Geographic Distance on Audit Timeliness

Before the issuer's financial statements are published, an audit process carried out by an independent auditor is required to provide assurance on the fairness of the financial statements. This is in line with what is explained in agency theory. Auditor selection is one of the stages that must be passed by the company. Previous research states that the period for submitting financial statements will be shorter for clients who hire local auditors compared to those who hire non-local auditors (Dong et al., 2018). Choi et al. (2012) also stated that local auditors have better information about client businesses, incentives, and risks, and are able to do fieldwork more comfortably. Based on the description above, the first hypothesis (H1) is formulated as follows.

H1: Auditor-Client Geographic Distance has an effect on Audit Timeliness

The Effect of CEO Financial Expertise on Audit Timeliness

CEO expertise in finance and accounting will have a positive impact on the timely submission of audited reports (Baatwah et al., 2015). Research by Afriliana & Ariani (2020), Salehi *et al.* (2018), and Logita (2020) state that CEO *Financial Expertise* has a negative influence on *Audit timeliness.* CEOs who have expertise in finance or accounting will better understand accounting and financial issues, and pay more attention to the supervision of accounting records and facilitate the negotiation process with independent auditors. This is expected to reduce information asymmetry so that the audit process is expected to run smoothly and be able to reduce the time span in submitting financial reports. This is in accordance with agency theory which states that information asymmetry can be overcome through the accuracy of submitting audited financial reports through CEO expertise in accounting and finance. Therefore, the following hypothesis will be tested based on the explanation above:

$H_{2:}$ CEO *Financial Expertise has an* effect on *Audit timelines.*

The Effect of *Financial Distress* on *Audit timeliness*

Financial distress is a condition experienced by a company where the company's finances are experiencing difficulties (Angelia & Mawardi, 2021). Research by Indrayani & Wiratmaja (2021), Oktaviani & Ariyanto (2019), Angelia & Mawardi (2021), and Sabella et al. (2021) get the result that Financial Distress has a positive effect on Audit timeliness. Financial distress experienced by the company will be bad news for companies and investors, especially in financial reports. This makes management try to improve the financial statements as best as possible so that the time required will be more and cause delays in submitting financial reports. Financial Distress will be bad news or bad news for the company (Khamisah et al., 2021). Financial Distress will be bad news for the company's financial statements. The company will delay submitting financial reports to investors if financial distress occurs. This is done to improve the financial statements so that they look better in the eyes of investors so that the company does not lose investors. This event resulted in the submission of financial reports being late so that an audit report lag appeared. The delay in submitting the company's financial statements as a result of financial distress will signal bad news to investors. This is in accordance with the signaling theory of Khamisah et al. (2021) which states that the company's delay in submitting audited financial reports by the company will signal bad news. *Financial distress* also results in increased audit risk so that auditors need to carry out *audit* procedures and make the process of completing financial reports longer and audit timeliness will increase (Rahayu et al., 2021). Based on this description, the third hypothesis to be tested is as follows:

H_3: *Financial Distress has an* effect on *Audit timeliness*

The Effect of Female Audit Committee Ratio on Audit Timeliness

The Board of Commissioners formed a committee called the Audit Committee to assist the Board of Commissioners in carrying out its duties and responsibilities, namely evaluating management performance. This evaluation is carried out so that the company can continue to provide positive financial report signals in order to get a positive reaction from shareholders. This has been explained in signaling theory. Practically speaking, audit committee members are not always male, even according to research by Susandya & Suryandari (2021) the existence of many women as members of the audit committee is expected to create an increase in the effectiveness of supervision of management, especially in the preparation of financial reports. The figure of a woman is seen as in accordance with conservatism behavior, because women are more inclined to conduct in-depth analysis when making a business decision or in dealing with problems, as a result, independent auditors will find it easier and faster to carry out the auditing process and issue an audit report. (Khuong & Vy, 2017). Based on the description above, the fourth hypothesis (H4) is formulated as follows.

H_4: Female Audit Committee Ratio has an effect on Audit Timeliness

3. RESEARCH METHOD

This research uses a quantitative approach with secondary data. All companies listed on the IDX in 2020-2022 are the population in this study, totaling 766 companies. The number of samples used in this study were 372 companies taken from the population using a sample withdrawal design in the form of non-probability sampling, namely taking samples from a population where each element does not have the same probability or opportunity to be drawn into a research sample.

Table 1. Population and Research Sample

Description	Total Sample
The company is listed on the Indonesia Stock Exchange in 2021	766
Companies that do not publish complete financial statements and annual reports in 2020-2022	(120)
Companies that do not have female audit committee members in 2020-2022	(325)
Companies with no subsidiaries in 2020-2022	(85)
Outlier Data	(112)
Research Sample	124
Total Research Sample (2020-2022)	372

Source: Processed by the author, 2023

Table 2. Operational Definition and Measurement of Variables

No.	Variables	Operational Definition	Indicator
1	Audit Timeliness (Time)	Timeliness of submitting audited financial reports to the public.	The time span or number of days from December 31 until the audited financial statements are published on the IDX.
2	Auditor- Client Geographic Distance (GeoProx)	Geographical proximity betweenthe auditor and theclient company.	The length of the distance between the auditor's office and the client's head office in kilometers.
3	CEO Financial Expertise (CEOFE)	the expertise background and capabilities of the CEO in finance oraccounting	CEO Financial Expertise is measured using a dummy variable. The number 1 will be given if the CEO has expertise in finance or accounting, while the number 0 will be given if the CEO does not have expertise in finance or accounting.

4	Financial Distress (FD)	the company's financial conditionthat has decreasedbefore bankruptcy or liquidation.	*New Altman Z Score Model*
5	Female Audit Committee Ratio (FemCom)	The number of female audit committees in a company.	(Number of Female Audit Committee Members/ Total Audit Committee)

Source: Processed by the author, 2022

This study uses panel data regression analysis to analyze research data. Panel data regression analysis is a combination of data that has two elements, namely time series and cross-section (Ghozali & Ratmono, 2017). Panel data regression analysis used in this study aims to measure the strength of the relationship between two or more variables and show the direction of the relationship between the independent variable and the dependent variable used in the study. The following is the equation for panel data regression in this study:

$$\textbf{Time} = \alpha + \beta 1\textbf{GeoProx} + \beta 2\textbf{CEOFE} + \beta 3\textbf{FD} + \beta 4\ \textbf{FemCom} + \varepsilon$$

According to Widarjono (2013) there are several advantages obtained when using panel data. First, panel data is a combination of time series and cross section data so that it can provide more data which will result in a greater degree of freedom. Second, combining information between time series and cross section data can overcome variable omission problems that can arise. The advantages of panel data cause panel data to be able to better detect and measure impacts where this cannot be done with cross section or time series methods.

4. RESULTS AND DISCUSSIONS

Descriptive statistics aim to provide an overview and description of the variables of the selected sample and meet the criteria. The data described in the descriptive statistical test are the *mean*, standard deviation, maximum and minimum of the independent and dependent variables in the study. The following are the results of the descriptive statistical test:

Table 3 Descriptive Statistics Test Results

	Mean	*Maximum*	*Minimum*	Std.Dv
Time	102,71	159.0000	48.00000	24.78180
GeogProx	23,134	671,68	0,12	88.99009

CEOExp	0.711538	1.000000	0.000000	0.454140
FD	-8.233642	53.55823	-1068.482	109.6715
FemComm	0.4577	1,0000	0,20	0.117832

Source: Processed by the author, 2022

Table 3. It shows that the variable Audit Timeliness has a minimum value of 48 days and a maximum value of 159 days. The average value of the variable Audit Timeliness is 102.71 with a standard deviation of 21.933. The average company shows 102.71 or 103 days. These results indicate that the Company on average reports financial statements on day 103 after the closing date of the book. The Auditor-Client Geographic Distance variable has a minimum value of 0.12 kilometers, a maximum value of 671.68 kilometers, and an average value of 23.1343. The mean value of 23.134 means that the average geographic distance between clients and KAP is 23.134 km.

The CEO Financial Expertise variable is measured using a dummy variable, value 1 is given if the CEO has expertise and work experience in finance or accounting and value 0 if the CEO does not have expertise and work experience in finance or accounting. The minimum value is 0 at PT Ace Hardware Indonesia Tbk, which indicates that the company does not have a CEO with expertise and experience in finance or accounting. The maximum value is 1 at PT Astra Otoparts Tbk which indicates that the company has a CEO who is skilled and experienced in finance or accounting. The mean value of CEO financial expertise is 0.71 which indicates that the average CEO who has expertise and work experience in accounting or finance is 0.71 or 71%. The standard deviation value is 0.45 which indicates that the CEO financial expertise variable has small distributed data because the standard deviation value is smaller than the mean value so that the data is homogeneous. Based on a total sample of 208, 148 samples have CEOs who have expertise in finance or accounting amounting to 71.15% while the remaining 60 samples out of 208 do not have CEOs who have expertise in finance or accounting with a percentage of 28.84%.

The Financial Distress variable is measured using the Altman Z Score model. Financial Distress has a minimum value of -1068.48 at PT Global Teleshop Tbk which indicates that the company is experiencing financial difficulties. The maximum value is 53.55 at PT Sanurhasta Mitra Tbk which indicates that the company has a good financial condition. The mean value of financial distress is -8.233, whose value is smaller than 1.1, which means it is in the bankruptcy zone, so that the average company is in the bankruptcy zone. Furthermore, the standard deviation of financial distress is 109.6715 which indicates that the financial distress variable has a large data distribution because the standard deviation value is greater than the mean value so that the data is heterogeneous.

The minimum value of the Female Audit Committee Ratio is 0.20, which is the ratio of 1/5 female members to total members. The maximum value of the Female Audit Committee Ratio variable is 1.00, namely the ratio between 3/3. The average value of the Female Audit Committee Ratio variable is 0.4577 with a standard deviation value of 0.18261. 0.4577 The mean of the Female audit committee ratio shows 0.4577 or 45.77%. This figure indicates that on average the Company has a female audit committee of 45.77%.

There are three tests to select the best panel data estimation model, namely the Chow Test, Hausman Test, and Lagrange Multiplier Test. The following are the results of the model estimation test:

Table 4 Chow Test Results

Effects Test	*Statistic*	*d.f*	*Prob.*
Cross Section F	2,218335	(51,151)	0,0001
Cross-section Chi Square	116.309625	51	0,0000

Source: Processed by the author, 2022

Based on table 4, the *chow* test results show that the *Cross Section Chi Square Statistic* value is 116.30 with a *Probability* value of 0.00. This shows that the significance value is smaller than 0.05 so statistically H_1 accepted and H_0 rejected. So that the most appropriate model used from the chow test results is the Fixed Effect Model. Next, the Hausman Test will be carried out to select the best model between the Fixed Effect Model or the Random Effect Model and the following are the results of the Hausman test.

Table 5 Hausman Test Results

Test Summary	*Chi-Sq. Statistic*	*Chi-Sq. d.f*	*Prob.*
Cross-section random	32,693872	5	0,0000

Source: Processed by the author, 2022

Statistical distribution value is 32.69 with a *probability* value of 0.00. This shows that the significance value is smaller than 0.05 so statistically H_1 accepted and H_0 rejected. So that the most appropriate model used from the *hausman* test results is the *Fixed Effect Model*. Based on the results of the *Chow* Test and *Hausman* Test that have been carried out, the best panel data estimation model is the *Fixed Effect Model* so that the *Lagrange Multiplier* Test does not need to be done. Therefore, the *Fixed Effect Model* will be used as the model in this study.

The multicollinearity test is conducted to test whether the regression model finds a relationship or correlation between independent variables. The variable is declared free from multicollinearity if the result is <0.90. The following are the results of the multicollinearity test:

Table 6 Multicollinearity Test Results

	CEOFE	FD	KM	PROFIT	SIZE
GeogProx	1000000	-0,074140	0,043892	0,067163	0,141704
CEOExp	0,074140	1000000	0,029529	0,665661	0,350453
FD	0,043892	0,295291	1000000	0,012380	0,248185
FemComm	0,067163	0,865661	0,123804	1000000	0,413987

Source: Processed by the author, 2022

Based on table 6, the multicollinearity test results show that the correlation value between independent variables <0.90 so that the regression model between variables in this study is free from multicollinearity. The heteroscedasticity test is conducted to test whether the regression model experiences differences in *variance* and residuals between one observation and another. The heteroscedasticity test was carried out using the *Glejser* test. The regression model is declared not to experience heteroscedasticity if the *probability*

Variable	*Coefficient*	*Std.Error*	*t-Statistic*	*Prob.*
C	105.3212	57.05932	1.845820	0.0694
GeogProx	-1.210603	7.985434	-0.151601	0.8800
CEOExp	-0.983999	0.659914	-1.491101	0.1407
FD	50.51080	30.48239	1.657049	0.1023
FemComm	0.542594	0.430530	1.260293	0.2120

result> 0.05. The following are the results of the hetereoskedasticity test. The results of the heteroscedasticity test show that all independent variables have a *probability* value> 0.05, it can be concluded that the independent variables in this study are free from heteroscedasticity. The coefficient of determination test (R^2) aims to test the ability of the research model to explain the dependent variable by looking at the level of variation in the dependent variable which is explained by the variation in the independent variable. (Ghozali & Ratmono, 2017).

Table 7 Determination Coefficient Test Results

Adjusted R-squared	0,107

Source: Processed by the author, 2022

Based on table 8, the coefficient of determination test results show that the *adjusted R squared* value is 0,107 or 10,7%. This illustrates that the independent variables auditor Client Geographic Proximity, CEO *financial expertise*, *financial distress*, and female audit committee are able to influence *audit timeliness* by 10,7% and the remaining 89.3% is influenced by other variables outside the study. The F test aims to determine whether the regression model used is able to have a significant effect or not. (Ghozali & Ratmono, 2017).

Table 8 F Test Results

F-statistic	5.994195
Prob(F-statistic)	0.000034

Source: Processed by the author, 2022

Based on table 8, the f test results show that the calculated f value is 5.99 with a probability (*Prob F-Statistic)* of 0.00. The probability value is smaller than 0.05, it can be concluded that the proposed research model is feasible or is the best model to use in this study. The T test aims to partially test the regression coefficient and the significance of the effect of each independent variable on the dependent variable. The t test is carried out by looking at the significant probability value (probability value) of 0.05. The variable is declared to have a partially significant effect if the probability value ≤ 0.05. Partial test results can be seen in the table below:

Tabel 9 T Test Result

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
C	59,04367	230,7519	0,255875	0,7984
GeogProx	-0,020	5,093	-1,048	0,209
CEOFE	-5,219279	9,971347	-0,523428	0,0014
FD	0,335895	0,057445	5,847198	0,0000
FemComm	34,569	9,273	3,728	0,001

Source: Processed by the author, 2022

Table 9. show that the significance value of Auditor-Client Geographic Proximity is 0.209 which is greater than 0.05 with a coefficient value of -0.020. These results indicate that the Auditor-Client Geographic Proximity variable does no t have a significant effect on Audit Timeliness, thus the period of publishing audited financial reports to the public will not be different either when the company uses the services of an external auditor who has an office close to, or far from the company's head office. T test also shows that Probability of CEO Financial has expertise is smaller than 0,005. It means, CEO Financial Expertise has a negative effect on Audit timeliness.The results of this study are consistent with the results of research by (Anggraini, 2020). CEOs who have expertise and work experience in finance or accounting will reduce the length of time the company takes to submit financial reports or *audit timeliness*.

The Financial Distress variable has a probability value of 0.00 which is smaller than 0.05. This shows that financial distress has an effect on audit timeliness, so H3 which reads financial distress affects audit timeliness is supported. on audit timeliness, so H3 which reads financial distress affects audit timeliness is accepted. The Female Audit Committee Ratio variable has a significance value of significance value of <0.01 which is smaller than the significance value limit of 0.05. This means that the Female Audit Committee Ratio has an influence on the Timeliness of Submitting Financial Statements, thus, the fourth hypothesis, namely the Female Audit Committee Ratio has a significant negative effect on the Timeliness of Submitting Financial Statements, is accepted.

The Effect of Auditor-Client Geographic Distance on Audit Timeliness

The results of this study are in line with research conducted by Zakiyyatunnisa (2019) which found that Auditor-Client Geographic has no significant effect on Audit Timeliness. Companies will use external auditors to reduce information asymmetry as stated in agency theory. Auditors who have a long distance from the client's head office can still carry out the audit process with a period of time that is not much different from auditors who have a close distance from the client's head office. This can be caused by other factors in the form of audit quality owned by the external auditor itself. If the external auditor has sufficient experience and capability in conducting the audit process, the audited financial statements can still be published on time even though the auditor has an office far from the client's head office, and vice versa.

Another factor that can also cause timeliness in financial reporting not to be influenced by distance is the development of increasingly modern times where transportation and other technologies are developing rapidly. Choi et al. (2012) state that auditors who have a closer distance can carry out audit planning more effectively so that it helps their work in the auditing process faster because they get more information than auditors who have a greater distance, but based on these other factors, namely the availability of technology, it makes it easier for auditors to obtain company information wherever the auditor is, as well as with the availability of tools that can make it easier for auditors to work remotely. This makes auditors who have a long distance from their client companies still able to carry out the audit process with a period of time that is not much different from auditors who have a closer distance to their client companies.

Effect of CEO *Financial Expertise* on *Audit timeliness*

The results of this study are in accordance with agency theory which states that a CEO who has expertise in accounting or finance can overcome information asymmetry by issuing financial reports in a timely manner. Based on the sample in this study, the CEO *Financial Expertise* variable has a percentage for each group. Group 1, namely CEO *Financial Expertise* who has expertise and work experience in accounting or finance, is 72.11%, while group 0, namely *Financial Expertise* who does not have expertise and work experience in accounting or finance, is 27.88%.

CEOs who have skills in accounting and finance will easily understand what the problems are in the financial statements. This happens because the CEO will continue to follow the latest information related to changes in applicable standards and regulations, so that the company will continue to be *updated* on the application of standards and regulations which will reduce the level of error in making estimates and assessments of the presentation of financial statements and these problems can be resolved quickly. Furthermore, the CEO will also facilitate the negotiation process with the independent auditor because the CEO will give a positive perception to the auditor, so that the audit process can run smoothly and be able to reduce the time period for submitting audited financial statements. Therefore, it can be concluded that CEO *financial expertise* affects the reporting period of audited financial statements on the Indonesia Stock Exchange.

Effect of *Financial Distress* on *Audit timeliness*

Financial Distress has an effect on *Audit timeliness.* The results of this study are consistent with the results of research by Indrayani & Wiratmaja (2021), Oktaviani & Ariyanto (2019), Angelia & Mawardi (2021), and Sabella *et al*. 2021). *Financial distress* experienced by the company will result in longer *audit timeliness*. The results of this study are in accordance with signaling theory which states that the company's poor financial condition will describe poor financial reports so that it will be a bad signal for investors. The company will delay submitting financial reports and improve financial reports to look good in the eyes of investors so that the submission of audited financial reports becomes longer and *audit timeliness* also increases. Based on the data in this study, PT Graha Layar Prima Tbk in 2018-2021 has a Z Score value of less than 1.1 which indicates that the company is experiencing *financial distress* and *audit timeliness* occurs.

Companies that have a higher Z *Score* indicate that the company is experiencing financial difficulties. *Financial distress* will result in greater audit risk, especially control risk and detection risk. High audit risk makes auditors perform risk checks at the audit planning stage before carrying out the audit process. Auditors conduct risk checks by collecting more and accurate audit evidence to be used in analyzing the risks that arise as a result of *financial distress*, so that the audit process becomes longer and *audit timeliness* will also increase. Therefore, it can be concluded that *financial* difficulties or *financial distress* experienced by the company will affect the longer *audit timeliness* period.

The Effect of Female Audit Committee Ratio on Audit Timeliness

The results of the study found that the ratio of female audit committee has an effect to audit timeliness. The more the composition of women in the audit committee, the shorter the period of time in the publication of financial statements or audited financial statements will be published on time. Conversely, the less the composition of women in the audit committee, the longer the period in the publication of financial reports and financial reports will be submitted in a non-timely manner. The results of this study are in line with research conducted by Aifuwa et al. (2020) and Anugrah & Laksito (2017) which state that the Female Audit Committee Ratio has a negative influence on Audit Timeliness.

The audit committee conducts supervision and evaluation so that the company can continue to provide positive signals so that it will also get a positive reaction from investors. This has been explained in signaling theory. One way to provide positive signals is to publish financial reports in a timely manner. The presence of women as members of the audit committee can help the publication of financial reports in a timely manner due to differences in the information processing process captured by women and by men (Kurniawan & Mutmainah, 2020).

Men tend to process information in a limited way, while women tend to process information in more detail, thus, women will be more calculated and careful in making decisions. According to Khuong & Vy (2017), women are more inclined to conduct in-depth analysis when making a business decision or in dealing with problems, one of which is the decision to choose an external auditor as a partner. Decisions that have been carefully calculated will produce the best actions and results.

Women also tend to work more systematically and carefully in handling and completing their tasks than men (Susandya & Suryandari, 2021). When associated with work as an audit committee, a female audit committee will supervise management more effectively, especially in the preparation of financial reports. The staff will also carry out their respective duties effectively and efficiently if properly supervised, thus, the company will also produce good performance, one of which is in the form of fairly issued financial statements. This causes the audit process carried out by external auditors to be carried out more quickly because the financial statements to be audited have been properly presented.

5. CONCLUSIONS

Based on the results of the data analysis that has been carried out, it can be concluded that Audit Timeliness proxied by financial reporting lead time can be influenced by the CEO Financial Expertise, Financial Distress and Female Audit Committee Ratio. This means that the more female audit committees in a company, the shorter the period of publication of audited financial statements so that the audited financial statements will be published in a more timely manner. The Auditor-Client Geographic Distance variable or the proximity distance between the company's head office and its external auditor's office (KAP) does not have a significant effect on Audit Timeliness. CEO Financial Expertise has a significant effect on audit timeliness. This is because a CEO who has expertise and work experience in accounting and finance will easily solve accounting-related problems and negotiate with auditors. Financial Distress has an effect on audit timeliness. This is because financial distress will pose a high audit risk so that auditors need more time to carry out the audit process and can affect the reporting period for audited financial statements.

IMPLICATIONS, LIMITATIONS AND SUGGESTIONS

The results of this study explain the relationship between geographic distance between clients and public accounting firms, CEO financial expertise, financial distress and female audit committee ratios on audit timeliness in terms of agency theory and signaling theory. the results of this study indicate that CEO financial expertise, financial distress and female audit committee ratios on audit timeliness. These results indicate that agency theory and signaling theory are able to explain the relationship between these variables.

The implication of this research is that the Company needs to pay attention to the financial expertise of the Company's CEO, the Company's financial condition and the ratio of female audit committees on the audit committee. CEOs who have more expertise in finance are assumed to be able to shorten the audit financial reporting time. Because the more expert the CEO is in the financial field, the financial statements produced by the Company will have a smaller risk of misstatement. Furthermore, the Company's financial condition is also an important factor in influencing the audit process time.

Companies that are in bad condition or approaching bankruptcy will require a longer audit process because more audit procedures will also be required. The implication of this research is that companies need to pay attention to the ratio of female members in their audit committee. The right proportion will make the resulting decisions more conservative thereby reducing the risks that may occur in the future.Investors who will invest in the company. Investors can decide to invest in a company by looking at its financial condition or financial distress. Government as a regulator. Based on the results of the research that has been done, it is found that there are still many companies that are late in submitting audited financial reports. Therefore, the government must emphasize the regulations regarding the deadline for submitting audited financial reports so that companies submit audited financial reports in a timely manner. Future researchers can increase the observation period to see the relationship between the variables tested over a longer period of time with a number of samples that are able to represent the population well so that the research results can be more accurate. Further researchers can add independent variables that have not been tested in this study such as audit fees, auditor switching, auditor quality, and company size.

The result of the coefficient of determination of the variables tested in this study is only 10.7%. This value indicates that the variables tested in this study are still limited in explaining the dependent variable Timeliness of Submitting Financial Statements so that there are still many other variables outside the research model that can have an influence on the variable Timeliness of Submitting Financial Statements. Future researchers can add independent variables that have not been tested in this study such as audit fees, auditor switching, auditor quality, and company size.

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