

Does the COVID-19 Pandemic Impact on Audit Fee and Audit Report Lag?

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Abstract

This article explains whether the COVID-19 pandemic affects Audit Fee and Audit Report Lag in the financial sector in 2018-2022. The sampling technique used was purposive sampling. The sample in this study were 59 financial sector companies listed on the Indonesia Stock Exchange (IDX), the research data totaled 295 samples. This study uses a panel regression model to estimate the extent to which the COVID-19 pandemic predicts changes in Audit Fee and Audit Report Lag. The results of this study indicate that the COVID-19 pandemic has a positive effect on Audit Fee and Audit Report Lag. There is evidence that the COVID-19 pandemic has an influence on audit quality. The results have significant policy implications, especially from the perspective of the Indonesian Public Accountants Association (IAPI), to warn auditors about the increased audit risk caused by the COVID-19 pandemic and the need to compensate with quality audits.

Keywords: Audit Fee, Audit Report Lag, COVID-19

Apakah Pandemi COVID-19 Berdampak Terhadap Audit Fee dan Audit Report Lag?

Abstrak

Artikel ini menjelaskan apakah pandemi COVID-19 mempengaruhi Biaya Audit dan Keterlambatan Laporan Audit di sektor keuangan pada periode 2018-2022. Teknik sampling yang digunakan adalah purposive sampling. Sampel dalam penelitian ini terdiri dari 59 perusahaan sektor keuangan yang terdaftar di Bursa Efek Indonesia (BEI), data penelitian berjumlah 295 sampel. Penelitian ini menggunakan model regresi panel untuk mengestimasi sejauh mana pandemi COVID-19 memprediksi perubahan dalam Biaya Audit dan Keterlambatan Laporan Audit. Hasil penelitian ini menunjukkan bahwa pandemi COVID-19 memiliki dampak positif terhadap Biaya Audit dan Keterlambatan Laporan Audit. Terdapat bukti bahwa pandemi COVID-19 memiliki pengaruh terhadap kualitas audit. Hasil ini memiliki implikasi kebijakan yang signifikan, terutama dari perspektif Ikatan Akuntan Publik Indonesia (IAPI), untuk memperingatkan auditor tentang peningkatan risiko audit yang disebabkan oleh pandemi COVID-19 dan kebutuhan untuk mengkompensasinya dengan kualitas audit.

Kata Kunci: Audit Fee, Audit Report Lag, COVID-19

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INTRODUCTION

At the end of 2019, a new virus outbreak known as Corona Virus Disease 2019 (COVID-19) emerged in Wuhan, China. This outbreak was officially announced by the President of the Republic of Indonesia in March 2020 (KOMPAS, 2020). The pandemic interrupted

standard work processes and procedures, including those related to audits. Research indicates that during this period of diminished investor trust, corporate profits have become more volatile and have generally declined in challenging times like the COVID-19 pandemic (Goodell, 2020; Murphy et al., 2020).

Changes in financial and economic conditions caused by the health crisis and higher levels of risk may trigger demand for higher audit quality, which will increase audit effort and, ultimately, audit fees (Sikka, 2009). During the COVID-19 pandemic, it is likely that audit fees will be affected by conflicts of interest between company owners and management.

Company proprietors may prioritize the preservation of audit quality, while management often emphasizes cost reduction. The COVID-19 pandemic has initiated discussions over audit fees, which may lead to reductions in certain cases, potentially impacting audit quality. The COVID-19 pandemic, as a recent occurrence, is presently being analyzed for its impacts on numerous facets of life in both developing and developed nations (Albitar et al., 2020).

Although the COVID-19 pandemic's effects have been extensively studied, particularly from social and economic angles, little research has been done in Indonesia on how the pandemic has affected audit costs and the promptness of audit reports. Although recent studies have looked at how the pandemic has affected audit quality, discussions about audit expenses and report lag are still comparatively rare (Akrimi, 2021; Albitar et al., 2020; Budiandru, 2021; Gong et al., 2022).

The urgent need to investigate the impact of COVID-19, particularly on financial statement reporting and auditing, is what motivates this study. Research from Alkebsee et al., (2023) concluded that the COVID-19 pandemic lowered audit fees paid by companies, while research from Musah et al., (2023) provided evidence that the COVID-19 pandemic increased audit costs and resulted in delays in issuing audit reports on companies in Ghana.

Wulandari & Ariesta (2023) researched in Indonesia related to the issue of audit costs and audit quality using qualitative methods, and research from Manajang & Yohanes (2022) proved that the pandemic caused auditors to be unable to publish and submit financial statements on time. This research concentrates on the financial sector because it has been significantly affected by COVID-19 and because there are relatively few studies addressing this area. The purpose of this study is to evaluate the impact that the COVID-19 outbreak has had on audit expense levels as well as the speed with which audit reports are delivered. In a variety of different ways, this research makes a contribution to both the academic literature and practical applications.

This study is not the inaugural effort to evaluate the impact of the COVID-19 pandemic on audit costs and the delays in the issuance of audit reports (Alkebsee et al., 2023; Manajang & Yohanes, 2022; Musah et al., 2023; Uyob, 2023; Wulandari & Ariesta, 2023). This study holds significant implications as it offers thorough evidence of these influences. Current evidence does not specifically address the financial sector listed on the IDX; therefore, the researcher aims to fill this gap by providing evidence from this sector, thereby contributing to the audit literature.

The researcher has made a contribution to audit research by connecting macroeconomic changes with audit costs and offering early insights into audit expenses

during the pandemic within the IDX-listed financial sector. This studies further demonstrate how the pandemic has impacted the timeliness of audit reports in Indonesia, particularly in the financial sector. Additionally, this study examines data from the pre-pandemic period in 2018 through to the end of the pandemic in Indonesia in 2022.

This study findings will aid corporations in comprehending the impact of the COVID-19 pandemic on the assessment of audit fees for audit services, allowing them to make analogous forecasts in the occurrence of future pandemics. Moreover, this findings can substantially assist regulators, including the Indonesian Institute of Accountants (IAI), in implementing proactive strategies to improve audit quality and guarantee the precision of audit report issuance, especially in light of the problems presented by the COVID-19 pandemic.

Agency Theory

Agency theory asserts that a conflict of interest may emerge between the principal (shareholders) and the agent (management) of a corporation. In light of the COVID-19 pandemic, this conflict can be intensified by the effects of the pandemic on the business. According to agency theory, auditing is a crucial tool that strengthens confidence between management and external users of financial data and encourages cost-effective contracts between managers and shareholders (Agoglia et al., 2015).

According to Agoglia et al., (2015), Agency theory explains why audit reports are delayed because shareholders' growing demands for high-quality audits may cause the audit process to drag on, delaying the release of the report. The possible impact of the COVID-19 pandemic on audit costs is explained by agency theory. The pandemic has generated a challenging economic environment, compelling corporations to pursue cost reductions to manage the situation effectively.

This circumstance has the potential to create a conflict of interest between the owners of the firm and the management of the company. Management may be more concerned with minimising expenses, including audit fees, despite the fact that the owners are likely to place a higher priority on the accuracy and dependability of financial reporting through the use of audits that are both comprehensive and of a high quality (Sarhan et al., 2019). According to agency theory, as a consequence of the consequences of the COVID-19 pandemic, there will be an increase in the expenses of audits as well as extended delays in the issuing of audit reports.

COVID-19 and Audit Fee

The COVID-19 pandemic has increased business risks which are expected to have an impact on higher audit efforts, thereby increasing audit costs (Albitar et al., 2020). In contrast to the aforementioned assertions, prior research indicates that companies frequently sought to negotiate reduced audit rates during the COVID-19 outbreak and financial crisis (Bozec & Dia, 2017; Chen et al., 2019) The COVID-19 pandemic does not inherently elevate audit costs; rather, it may reduce them.

In a study conducted by Alkebsee et al., (2023) stated that during the COVID-19 outbreak, companies paid 22.63% less in audit fees, indicating that the impact of the COVID-19 pandemic reduced audit firm revenues. In contrast to the opinions and findings

stated by Musah et al., (2023) that audit fees in companies in Ghana have increased due to the COVID-19 pandemic. The COVID-19 pandemic increases business risk and audit risk, requiring higher audit efforts and resulting in higher audit fees.

The COVID-19 pandemic has underscored significant concerns regarding Large-Scale Social Restrictions (PSBB) and Work from Home (WFH) arrangements, potentially affecting the extension of working hours and intensifying audit efforts. As a result, audit expenses have risen, although corporations might argue that the pandemic justifies requests for reduced fees (Albitar et al., 2020; Chen et al., 2019). Conversely, agency theory suggests that heightened audit costs may arise from increased shareholder demands for more rigorous audits. A decline in audit quality could be inferred from reduced audit fees, which would not serve the interests of shareholders. This study proposes the following hypothesis based on this rationale and in alignment with agency theory expectations:

H1: The COVID-19 pandemic has had a positive impact on Audit Fees.

COVID-19 and Audit Report Lag

Normal work patterns were disturbed by the COVID-19 spreading, which forced employees to work from home and resulted in social distancing measures and changes in community behavior (Albitar et al., 2020; Hategan et al., 2022). The government and companies implemented PSBB measures to limit in-person reporting and employee movement within offices. These restrictions hinder auditors' ability to physically verify certain documents and assets, impacting their capacity to gather evidence for forming opinions (Albitar et al., 2020; Hategan et al., 2022).

External audit has been severely impacted by the COVID-19 pandemic as auditors face unprecedented dangers and challenges. This issue suggests that the threat posed by the pandemic has caused external audit functions to slow down and audit reports to be delayed (Bajary et al., 2023; Musah et al., 2023). The consequences of the COVID-19 pandemic due to the risks associated with financial reporting will increase audit complexity which will affect the time needed to gather audit evidence.

The increased audit risk and audit effort as a result of the COVID-19 pandemic will likely affect the timing of the issuance of audit reports. The pandemic also increases the information asymmetry between managers and owners so that shareholders will demand high quality audits to reduce the gap which will cause delays in audit reports in accordance with agency theory. This study makes the following hypothesis in light of this logic and in accordance with the expectations of agency theory:

H2: The COVID-19 pandemic has had a positive impact on Audit Report Lag.

METHOD

For the purposes of this study, the population consists of all firms in the financial sector that were listed on the Indonesia Stock Exchange (IDX) between the years 2018-2022. When five years' worth of financial statement data is utilised, it is possible to evaluate the consequences of Covid-19 both before and after it was. This is in line with earlier research

that examines changes in events in order to evaluate the influence that they have on audits (Coffie & Bedi, 2019; Musah, 2017; Musah et al., 2023).

The data analysis method employed in this study is panel regression analysis conducted using STATA. The study incorporates descriptive statistics, classical assumption testing, and hypothesis testing to describe the data characteristics and evaluate the proposed hypotheses. A final sample of 59 company that satisfied the research requirements was obtained by applying a purposive sampling technique. Table 1 summarizes the results of the purposive sampling.

Table 1. *Sample Criteria*

Population of financial sector companies listed on the IDX	104
Companies that are not listed on the IDX consecutively from 2018-2022	(10)
Companies delisted in the research period 2018-2022	(2)
Companies that do not publish Audit Fees in the company's Annual Report	(33)
Number of companies that meet the sample criteria	59
Sample data over the study period (59 x 5 years)	295

This study includes two dependent variables, one independent variable, and three control variables, with the operations and measurements for each variable detailed in Table 2.

Table 2. *Operational Variables and Variable Measurement*

Variable	Operational Variable	Variable Measurement	Source
Audit Fee	Audit fees refer to the compensation for professional services that is determined based on the quality of performance delivered by the auditor.	Natural Logarithm of Audit Fee	(Chen et al., 2019)
Audit Report Lag	The audit report lag is the period of time, measured in days, that an auditor must complete their audit work between the fiscal year's end and the date the audited financial statements are made public.	The period between the book's closing date and the audit report's release date	(Uyob, 2023)
COVID-19	A virus is the cause of the infectious disease COVID-19.	Dummy, 1 if year of COVID-19, 0 if not	(Alkebsee et al., 2023)
Firm Size	Firm Size is the size or size of assets owned by the company.	Natural logarithm of total assets	(Tat & Murdiawati, 2020)

Big4 Audit Firm	Big4 audit firm is an accounting organization that holds a business license to provide professional services within the field of accounting.	Dummy, 1 if the company is audited by a big4 audit firm, 0 if not	(Musah et al., 2023)
ROA	Return on Assets (ROA) is a financial ratio employed as an assessment tool to gauge a company's efficiency in utilizing its assets.	Ratio of profit after tax to total assets	(Xue & O'Sullivan, 2023)

Model Estimation

The first model looks at the connection between audit fees and COVID-19. The following model displays the estimated framework and lists the variables to be used:

$$AU_FEE_{it} = \beta_0 + \beta_1 COVID19_{it} + \beta_2 SIZE_{it} + \beta_3 BIG4_{it} + \beta_4 ROA_{it} + \epsilon_{it}$$

Within the second model, an investigation on the connection between COVID-19 and Audit Report Lag is also carried out. Following is a model that illustrates the estimated framework and provides a description of the variables that will be utilised:

$$AU_TIME_{it} = \beta_0 + \beta_1 COVID19_{it} + \beta_2 SIZE_{it} + \beta_3 BIG4_{it} + \beta_4 ROA_{it} + \epsilon_{it}$$

Note:

- LN_FEE = Audit Fee
- AU_TIME = Audit Report Lag
- COVID19 = Pandemi COVID-19
- SIZE = Firm Size
- BIG4 = Audit Firm Big4
- ROA = Return on Asset
- $\beta_1 - \beta_4$ = Konstanta Regresi
- ϵ = Error

FINDING AND DISCUSSION

The results of this investigation, including their descriptive statistics, are presented in Table 3. A minimum score of 17.7 and a maximum score of 23.9 are associated with the first dependent variable, which is the Audit Fee. The average score for this variable is 20.7. The second dependent variable, Audit Report Lag, shows the average amount of time it takes auditors to finish an audit, which is 73 days. The least amount of time required to do an audit is 16 days, and the largest amount of time required is 151 days. As a result of the primary independent variable, COVID-19, having an average score of 0.6, it can be deduced that sixty percent of the data obtained corresponds to the pandemic period, while the rest data falls outside of this timeframe. Furthermore, the Firm Size control variable is incorporated into the model on the basis of earlier research conducted in Indonesia, which

found that Firm Size was a key factor in determining audit fees (Januarti & Wiryaningrum, 2018).

Table 3. *Descriptive Statistics*

Variable	Mean	Std.Dev	Min	Max
LnFEE	20.711	1.347	17.766	23.963
AuTIME	73.074	29.958	16	151
COVID19	0.600	0.490	0	1
LnSIZE	30.201	2.173	25.245	32.228
BIG4	0.474	0.500	0	1
ROA	0.053	0.160	-0.304	1.247

The results of the research showed that the average score was 30.2, with a minimum score of 25.2 and a maximum score of 32.2 (the highest possible score). The Big Four Audit Firm is considered to be one of the control variables that influence audit fees. It is believed that the Big Four Audit Firm has an effect on the quality of audits that are completed. In accordance with the findings of the research, 47 percent of registered businesses use Big4 Audit Firms as their financial auditors. The fact that many companies in the financial sector that are listed on the IDX choose to work with non-Big4 audit firms is suggested by this. This is in addition to the fact that the control variable Return on Assets has a minimum value of -30% and a maximum value of 1.24%. The average value of this variable is 5%. This is in addition to the fact that the control variable Return on Assets has a minimum value of -30% and a maximum value of 1.24%. The average value of this variable is 5%.

Table 4. *Correlation Matrix*

Variable	LnFEE	AuTIME	COVID19	LnSIZE	BIG4	ROA
LnFEE	1.000					
AuTIME	-0.333	1.000				
COVID19	0.072	0.098	1.000			
LnSIZE	0.810	-0.413	0.029	1.000		
BIG4	0.590	-0.287	-0.041	0.499	1.000	
ROA	-0.064	0.033	0.031	-0.024	-0.084	1.000

This study conducted two correlation analyses based on the two models adopted for this study. The first correlation matrix focuses on how the independent variables correlate with audit fees and the second model focuses on how the various independent and control variables correlate with audit fees. The results of the correlation matrix obtained from the two models used in this investigation are shown in Table 4, which also includes the findings for other controls and these variables.

The findings of the first model's correlation analysis revealed a positive relationship between audit fees and the COVID-19 pandemic with a coefficient of 0.0724. On the other

hand, the second model's correlation analysis shows a positive connection with a coefficient of 0.0985, suggesting a stronger link between audit report lag and the COVID-19 pandemic.

Table 5. *Regression Model Results*

Variable	Model 1 LnFEE (Y1)	Model 2 LnFEE (Y1)	Model 3 LnFEE (Y1)	Model 4 AuTIME (Y2)	Model 5 AuTIME (Y2)	Model 6 AuTIME (Y2)
COVID19	0.169* (1.808)	0.209*** (3.037)	0.184** (2.544)	6.462** (2.015)	6.474*** (4.069)	6.591*** (4.231)
LnSIZE	0.424*** (17.103)	0.184 (1.510)	0.362*** (6.544)	-5.059*** (-6.199)	-3.783 (-1.129)	-5.425*** (-3.812)
BIG4	0.670*** (6.254)	0.800*** (4.717)	0.773*** (5.237)	-5.893 (-1.495)	3.558 (0.480)	-0.273 (-0.047)
ROA	-0.202 (-0.883)	0.121 (0.787)	0.026 (0.163)	3.571 (0.578)	-17.999* (-1.736)	-11.648 (-1.326)
Constant	7.493*** (10.786)	14.626*** (3.986)	9.296*** (5.786)	224.604*** (9.691)	182.716* (1.802)	233.716*** (5.630)
Observation	295	295	295	295	295	295
R-square	0.707	0.658	0.703	0.191	0.132	0.176
Wald Chi2	228.98	8.66	194.95	22.44	5.26	41.03
F (p)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

This study further assesses the presence of multicollinearity using the Variance Inflation Factor (VIF). The results of the VIF test revealed no evidence of multicollinearity because none of the variables had a VIF value that was close to 5 to 10. Additionally, the normality test conducted using Kurtosis and Skewness revealed that the data distribution was not normal. Regarding the panel data model selection estimation, the first model yielded a Hausman test p-value of $0.0800 > 0.05$, while the second model showed a p-value of $0.4830 > 0.05$. These results suggest that the random effects model is the appropriate choice for this analysis.

This research utilized robust standard errors random effects models to mitigate issues of autocorrelation and heteroscedasticity across all models (as shown in Table 5). The R-squared value in the first model, which looks at how COVID-19 affects audit fees, shows that the independent and control variables account for 70% of the variance in the dependent variable. The COVID-19 pandemic is the study's main independent variable, and it shows a positive correlation with audit fees, indicating that the pandemic has a major impact on audit fees in Indonesia.

According to the conclusions of the study, the first hypothesis is that the COVID-19 pandemic increases audit risks for organisations and needs additional audit effort, which eventually results in an increase in audit expenses. The study found that the Big Four audit firms and the size of the company had a substantial influence on audit fees in Indonesia. This was one of the control variables that researchers looked at. Despite the lack of influence of return on assets (ROA) on audit fees, a strong correlation exists between audit fees and both company size and the involvement of Big Four independent auditing firms. In line

with previous studies that demonstrated that the COVID-19 led to an increase in audit fees, these findings are found to be consistent (Al-Qadasi et al., 2022; Musah et al., 2023).

The effect of COVID-19 on audit report lag was investigated using the second regression model. The independent and control factors explain 18% of the variation in the dependent variable, according to Table 5. The COVID-19 pandemic is the main independent variable in this analysis. It shows a positive coefficient with audit report lag, indicating that the pandemic has a significant impact on audit report lag in Indonesia. These results demonstrate how the COVID-19 epidemic has led to delays in the release of audit reports by increasing the burden of auditors through increased audit risks and social distancing measures.

These results confirm that the COVID-19 pandemic resulted in delays in the release of audit reports, which is in line with what agency theory predicts. Among the control variables, the study found that while Big4 Audit Firms and Return on Assets (ROA) had no effect on audit report latency, Firm Size was a significant determinant. These findings are in line with past studies showing that the COVID-19 epidemic increases the lag time for audit reports (Musah et al., 2023). The results of the control variable are in line with the results of the research by Jura & Tewu., (2021); Nurkholik & Amaliyah., (2021), showing that company size has a negative effect on audit report lag.

Companies with large sizes have a shorter audit report lag than small companies for several reasons. First, larger companies are considered to have a stronger internal control system due to better information systems and technology that can minimize errors. Second, companies have sufficient funds to pay higher audit fees to encourage auditors to present audited financial statements faster. Third, large companies face higher pressure as they are closely monitored by investors, regulatory bodies, and labor unions to present their financial statements faster.

COVID-19 and Audit Fee

This study's main goal is to find out how the COVID-19 pandemic has affected audit fees in the financial industry that is listed on the IDX. The COVID-19 pandemic and audit fees have a positive and statistically significant association, according to the regression analysis results shown in Table 5. These results imply that the pandemic has caused audit fees to rise, which is consistent with both the first hypothesis's predictions and agency theory's assertion that there is a positive correlation between the COVID-19 pandemic and audit fees.

Additionally, the analysis backs up the claim that COVID-19 increases audit and business risk, requiring more audit efforts that call for higher remuneration in the form of higher audit costs. The results of this study are in line with research by Al-Qadasi et al., (2022) ; Musah et al., (2023) which proves that the COVID-19 pandemic has a positive effect on Audit Fee. Meanwhile, research by Alkebsee et al., (2023) proves that the COVID-19 pandemic has a negative effect on Audit Fee.

According to agency theory, the results of this study provide more evidence that the pandemic increases audit risk and information asymmetry, which makes business owners want higher-quality audits and raise audit prices. According to agency theory, the increased information asymmetry between managers and shareholders has been exacerbated by the

increased business risks and audit complexities during the epidemic, making high-quality audits necessary as recompense. These findings are in line with what agency theory predicts and are congruent with the conclusions of Albitar et al., (2020) who pointed out that audit fees will rise as a result of the pandemic's combined effects.

COVID-19 and Audit Report Lag

The second model examines how the COVID-19 pandemic has affected audit report lag. Given the disruptions caused by the pandemic, it is likely that auditors will increasingly depend on external sources for evidence, as these are perceived to provide more objective and reliable information (Rose et al., 2020). Customers, creditors, banks, and other financial institutions are examples of such external sources.

Due to limitations, the pandemic has also resulted in a reduced reliance on evidence from these sources, making it challenging to physically confirm original documents that support different transactions, such as invoices and receipts. In order to reduce the possibility of inaccurate audit conclusions, social distancing measures and other workplace constraints may restrict auditors' access to necessary documents while also providing chances to improve analytical processes and use external confirmations. The analysis above shows that the COVID-19 pandemic will result in delays in issuing audit reports. The regression analysis results in table 5 show that there is a positive coefficient between the COVID-19 pandemic and Audit Report Lag and the results are statistically significant.

The results of this study are in line with research conducted by (Musah et al., 2023) which states that changes in the work environment due to the COVID-19 pandemic have resulted in delays in issuing audit reports. The outcomes of this investigation substantiate the claim made earlier that alterations in the work environment stem from the COVID-19 pandemic. These changes contribute to elevated business and audit risks, ultimately prolonging the process of issuing audit reports. Additionally, the study verifies the second hypothesis derived from agency theory, indicating that the COVID-19 pandemic indeed exacerbated delays in releasing audit reports.

CONCLUSION

Analyzing the impact of the COVID-19 pandemic on audit fees and audit report lag-which represent measures of audit quality in the financial industry listed on the Indonesia Stock Exchange (IDX)-is the objective of this study. Based on the data in Table 5, the pandemic has had a major impact on audits in this industry, resulting in higher audit fees and longer audit report lag.

The conclusion of this study shows that the spread of COVID-19 has caused audit fees in the financial sector of the Indonesia Stock Exchange (IDX) to increase. This supports the idea that the pandemic has increased audit risk and company risk, thus requiring more audit work that requires higher rates. In addition, this study also confirms that changes in the work environment due to the pandemic, in addition to increased business and audit risks, have led to delays in the issuance of audit reports.

The results showed increasing audit prices and audit report lag times, the COVID-19 widespread has a significant impact on audit quality, according to the study. These results provide some important insights. First, the economic disturbances brought on by COVID-

19 are directly linked to higher audit fees during the pandemic. On the other hand, because auditors devote more time and energy to carrying out thorough audits in order to support their charges, higher audit costs are frequently associated with improved audit quality. As a result, better financial reporting and more accurate financial assessments are produced.

Second, given the impact of the COVID-19 pandemic on the business's operations, financial situation, and related risks, auditors might need to adjust their auditing practices. In addition to evaluating asset valuations, liabilities, and the adequacy of pandemic-related disclosures, this may entail taking additional steps to gauge the company's ability to maintain operations.

Thirdly, more guidance on how auditors should react to the pandemic's impact on financial reporting and auditing methods may need to be provided by regulators and standard-setting bodies. This can entail releasing new guidelines especially pertaining to the pandemic or revising the audit criteria that are currently in place. Furthermore, the study's findings indicate that the COVID-19 pandemic has influenced audit fees and report lag times, prompting the Indonesian Institute of Public Accountants (IAPI) to enhance auditors their evidence collection and analytical methods in order to gather adequate evidence that supports their conclusions, thereby ensuring improved audit quality.

Fourth, the impact of COVID-19 on Audit Fee and Audit Report Lag requires serious attention from companies. Companies should take proactive measures such as investment in technology, improvement of HR skills, fee negotiation, good risk management, transparent communication, adaptation of audit procedures, and contingency planning, companies can reduce the negative impact of this situation and ensure that they can still meet the required audit quality standards.

According to this study, cross-country analysis should be conducted in future research to look into how the COVID-19 pandemic has affected audit quality, audit fees, and audit report lag. Future research could examine how the pandemic is changing auditor procedures and the audit environment as a whole. Moreover, future research might incorporate additional control variables to strengthen the evidence regarding the significant impacts on audit fees and report lag, thereby addressing existing gaps in the literature.

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