Contemporary Accounting Case Studies

Vol. 1, No. 1, September 2022 Article 8

FACTORS AFFECTING AUDIT REPORT LAG IN CUSTOMS AND EXCISE AUDITS

Deviana Pratami Putri
Master of Accounting Program, Faculty of Economics and Business, Universitas Indonesia
deviana.pratami@ui.ac.id

Fitriany
Master of Accounting Program, Faculty of Economics and Business, Universitas Indonesia
fitri_any@yahoo.com

Contemporary Accounting Case Studies,
September 2022, Vol. 1, No. 1, p. 146-165

FACTORS AFFECTING AUDIT REPORT LAG IN CUSTOMS AND EXCISE AUDITS

Deviana Pratami Putri [1]
Fitriany [2]
Master of Accounting Program, Faculty of Economics and Business, Universitas Indonesia

ABSTRACT

This study aims to identify and analyse the factors affecting audit report lag in customs and excise audits. This is one of the factors that impacts organisational performance, including the loss of potential state revenues. This study takes a case study approach with a quantitative design. The research data were collected using a questionnaire, and data analysis was performed using SEM-PLS. The scope of the analysis is limited to five factors: competence, experience, workload, disagreement between auditor and auditee, and auditee cooperation. The results show that the higher the competence, workload and disagreement between auditor and auditee, the longer the audit report lag. On the other hand, the greater the auditee's cooperation, the shorter the lag. It was demonstrated that the experience factor does not affect audit report lag. Therefore, Unit X is recommended to implement e-audit to process data more quickly; to conduct workload analysis for each audit team; to make risk-based assessments; and to simplify administrative processes to reduce audit report lag resulting from high workload. Furthermore, it is necessary to obtain auditees opinions on regulations with multiple interpretations in order to improve them, and to examine the quality of audit working papers before issuing a list of findings in order to mitigate any disagreement. Incentive schemes such as recommendations on customs priority paths to auditees who have cooperated during the audit process are required to increase their cooperation. In addition, it is necessary to create specific criteria for auditees to obtain permission to extend the deadline for submitting data in order to shorten any lag.

Keywords: audit report lag, compliance audit, customs audit, excise audit, tax audit.

[1] First author's email: deviana.pratami@ui.ac.id
[2] Second author's email: fitri_any@yahoo.com

1. INTRODUCTION

Due to the limited resources owned by organisations, audit assignments must be conducted effectively and efficiently. OECD (2006) states that the measurement of audit effectiveness could be based on various indicators, including time measurements such as the period of time required for each audit assignment. Bamber et al. (1993) explain that the length of time required by the auditor to complete an audit is called the audit report lag, which is an externally observed variable related to audit efficiency. Efficiency means using fewer inputs to produce the desired output. One measure of audit input is the time required to complete the audit (Bamber et al., 1993). Therefore, the shorter the audit report lag in an audit assignment, the more efficient and effective the audit is.

Minister of Finance Regulation Number 200/PMK.04/2011 concerning Customs Audit and Excise Audit Article 19 states that audits must be completed within a maximum of three months from the date of assignment. However, data from 2016 to 2020 shows an increase in the percentage of audit completion delays that exceed the 3-month completion period.

Table 1. Customs and Excise Audit Completion Period

Year	Audit Completion Period				Total Number of Audit Reports
	Number of Audit Reports		Percentage		
	≤ 3 months	> 3 months	≤ 3 months	> 3 months	
2016	98	223	31%	69%	321
2017	57	146	28%	72%	203
2018	59	165	26%	74%	224
2019	39	151	21%	79%	190
2020	17	76	18%	82%	93

Source: reprocessed from internal data unit X as of March 15, 2021

Table 1 shows that the percentage of audit reports completed within three months continued to decline over the five-year period from 31% in 2016 to 18% in 2020. In addition, audit completion taking more than three months increased from 69% in 2016 to 82 % in 2020. During this period, it can therefore be concluded that there has been an increase in audit report lag, which could negatively impact organisational performance because of the loss of potential state revenues. Based on the seriousness of the impact of audit report lag on organisational performance, the research question in this study focuses on the factors that have a significant effect on audit report lag in customs and excise audits.

Audit report lag is the result of an audit process. One theory that can be used to analyse the causes of an outcome result is attribution theory. Weiner (2010)

states that this theory centres on looking for reasons that can explain the outcome. Luthans (2011) categorises two types of attributions: internal factors and external factors. This study intends to identify the internal and external factors that significantly affect audit report lag in customs and excise audits. The goal is to make suggestions and recommendations to improve the performance of organisational units. A quantitative research design using a questionnaire with the SEM-PLS approach was used to establish statistically proven factors that significantly affect audit report lag in customs and excise audits.

Furthermore, there is limited literature which discusses the factors that affect audit report lag in compliance audits in the taxation sector. Previous research generally discusses the factors that affect lags in audit reports conducted by external auditors. In contrast, this study examines factors that affect audit report lag in compliance audits in the taxation sector, such as customs and excise audits. A similar study conducted by Adi & Marsikin (2019), which used auditor experience, type of auditee and the number of import transactions as variables was only able to explain 14.8% of the variables that affected audit report lag in customs audit. This study uses different variables, such as competence, experience, workload, disagreement between auditor and auditee and auditee cooperation, as factors which affect audit report lags in customs and excise audits. The results of this study are expected to enrich the knowledge especially regarding audit report lag in tax compliance audits on which studies are limited.

Several previous studies have found that competence (Habib et al., 2019; Hakiki et al., 2018) and experience (Ocak & Can, 2019; Payne & Jensen, 2002) are internal factors that affect audit report lag. At the same time, other studies have shown that external factors such as workload (Habib et al., 2019; Christensen et al., 2021; Wan Hussin et al., 2018), disagreement between auditor and auditee (McLelland & Giroux, 2000; Eghliaow, 2013; Lei et al., 2020) and auditee cooperation (Usmansyah, 2003; Behn et al. 2006) are factors that affect such lag. However, there has been limited research which discusses the influence of these factors on compliance audits in the taxation sector. Therefore, this study aims to determine the effect of these factors on audit report lag in customs and excise audits.

2. LITERATURE REVIEW

2.1. CUSTOMS AND EXCISE AUDITS

Customs and excise audits are categorised as compliance audits. The purpose of conducting these is to test the level of compliance of a person or business entity with fulfilling the provisions of the law in the fields of customs and excise. OECD (2006) states that a tax audit is an examination to determine whether a taxpayer has assessed and reported his tax obligations correctly and fulfilled his obligations. Based on this, customs and excise audits can be

categorised as tax audits, as they aim to test compliance with customs and excise responsibilities.

In general, customs and excise audits have the same audit period, which is two years until the end of the month before the month of issuance of the assignment letter. The composition of the audit team for both customs and for excise audits consists of Audit Quality Control, Audit Technical Controller, Chief Auditor, and one or more auditors. The audit report is the final result of the audit process and is the basis for issuing a letter of determination and a follow-up letter comprising the audit results. The auditee must follow up the results, including any shortage of payment of import duties, export and import duties, excise, and sanctions in fines.

2.2. AUDIT REPORT LAG

Bamber et al. (1993) state that the length of time required for the auditor to complete the audit is called audit report lag. In the context of customs and excise audits, the audit report lag refers to the audit completion period, which is the length of time required for the audit team to complete a customs audit assignment or excise audit. This period starts from the date of the fieldwork until the date of issuance of the audit report. The longer the period of completion of the audit, the longer the audit report lag.

Based on Minister of Finance Regulation Number 200/PMK.04/2011 article 19 and PER-35/BC/2017 article 25 paragraph 1, the audit must be completed within three months of the date of assignment. This supports the opinion of Dwyer and Wilson (1989), who state that the average audit completion time is three months (McLelland & Giroux, 2000). The audit completion period based on the regulation shows the target period for implementing customs audits and excise audits, which can be categorised as timely completion of audits.

With the limited number of auditor resources, audits should be effective and efficient. A longer audit report lag can result in the loss of potential state revenues. Article 17 of Customs Law (Undang-Undang Nomor 17 Tahun 2006) states that the Director-General may restipulate the tariff and customs value for calculating import duty within two years of the date of customs notification. This has consequences, in that the more extended the audit report lag, the greater the potential state revenues that cannot be collected.

2.3. EFFECT OF COMPETENCE ON AUDIT REPORT LAG

Margheim (2020) explains that competence reflects the attributes of an individual, such as education, knowledge, and skills. Therefore, auditors who

are highly competent have adequate education, skills, knowledge, and expertise as auditors. To conduct customs and excise audits, auditors must meet ethical standards such as professional competence, and have the expertise, knowledge, and experience to effectively perform their work (World Customs Organization, 2018). The general standard of customs and excise audit (PER-31/BC/2017) states that in performing their duties as auditors, customs and excise officials should have suitable education, meet the technical competence required, and have skills, knowledge and expertise as auditors. Therefore, competence is a crucial requirement for auditors to undertake customs and excise audits.

Habib et al. (2019) state that the higher the competence of an auditor, the lower the audit report lag. The findings of Hakiki et al. (2018) show that auditor competence has a negative and significant effect on audit completion time. This means that competent auditors tend to have shorter audit report lags. This is because highly competent auditors have more knowledge in audit reporting procedures and are proficient in auditing. In short, competence has a negative effect on the audit report lag. Therefore, the hypothesis proposed is:

H1: Competence has a negative effect on audit report lag in customs and excise audits.

2.4. Effect of Experience on Audit Report Lag

Sukriah et al. (2009) state that work experience relates to the experience of the auditor in audit assignments, which is reflected in their length of time working as an auditor and a high number of audits or audit assignments performed. Ocak & Can (2019) state that previous studies on auditor experience show that experienced auditors have more audit-related process skills and more knowledge of audit procedures. Because of this, the auditor can quickly and successfully finish assignments when faced with complex audit issues. Furthermore, auditors will have more confidence, meaning they will be more accurate in their assessments and more independent due to less management influence (Ocak & Can, 2019).

Bonner & Lewis (1990), Francis (2011), and Chi et al. (2016) state that experienced auditors will identify problem situations in financial statements more quickly, make appropriate audit plans to work efficiently and fulfil audit work quickly (Ocak & Özden, 2018). Ocak & Özden (2018) research also shows that auditor experience negatively affects audit report lag. Payne & Jensen's (2002) findings show that using experienced auditors effectively reduces audit delays. In short, it can be concluded that the auditors experience has a negative influence on audit report lags. Therefore, the following hypothesis is posited:

H2: Experience has a negative effect on audit report lag in customs and excise audits.

2.5. Effect of Workload on Audit Report Lag

Perry et al. (2015) state that workload is another external pressure that can affect audit performance. Setiawan & Fitriany (2011) explain that workload refers to the amount of work faced by an auditor, as measured by the number of clients handled or the limited time available to complete the audit process. The workload factor and tight time schedules can reduce an auditor's ability to find errors or report deviations made by clients (Setiawan & Fitriany, 2011). In short, the workload reflected by the number of audit assignments undertaken by auditors can reduce their ability to find errors made by clients or, in short, reduce audit quality.

Resource constraints limit the number of team members and the time allocated by the organisation to each audit assignment. Therefore, assigned team members have to work longer hours on crucial clients and potentially work on unfinished audits from other clients (Christensen et al., 2021). This consequently leads to a higher workload for some audit teams and impacts the completion of their work. Furthermore, Christensen et al. (2021) found that team workload significantly affected reporting delays. In addition, Habib et al. (2019) demonstrated that auditors work during busy seasons results in a high workload level that results in higher audit completion delays. Wan Hussin et al. (2018) state that audit report lag could be reduced if the audit firm reduces the number of clients assigned to partners who have busy schedules. In brief, it can be concluded that the workload has a positive effect on audit report lag. The following hypothesis is therefore proposed:

H3: Workload has a positive effect on audit report lag in customs and excise audits.

2.6. Effect of Disagreement between Auditor and Auditee on Audit Report Lag

McLelland & Giroux (2000) state that any delay in issuing audit reports indicates a combination of audit and other related financial problems, such as disagreements between auditors and clients. Furthermore, Brody (2012) indicates that previous studies have shown that most financial statement errors were initially marked by analytical procedures and resolved in discussions with the clients (auditees). Auditors often find themselves in situations where conflicts occur, such as when the auditee explains to the auditor the significant difference between the financial ratios for two audit years (Brody, 2012). The

auditor must decide whether the information or evidence is reliable and valuable. If it is considered beneficial, conflict can be avoided, and no further testing is needed. However, if this is not the case, additional testing is necessary (Brody, 2012).

Eghliaow's (2013) research shows that conflict between auditor and auditee significantly affects audit delay. An auditee may engage in extensive negotiations with the auditor to try and persuade them to have an unqualified opinion, resulting in additional time needed to complete the audit (Eghliaow, 2013). Nelson et al. (2002) state that if the auditors are willing to discuss and compromise on the interpretation of inappropriate accounting standards, disagreement might be resolved (Lei et al., 2020). Furthermore, Gibbins et al. (2001) and Nelson et al. (2002) explain that negotiation also occurs when standards do not provide appropriate guidance, in which auditors are more willing to discuss and compromise on any inappropriate interpretation of rules (Salleh & Stewart, 2012). In short, disagreements between auditors and auditees arise because of differences in the interpretation of regulations or standards, so discussion and negotiation may become necessary to resolve such disputes.

The disagreement between auditors and auditees often occurs. PER-24/BC/2019 concerning Customs Audit Procedures and Excise Audit Article 1 number 32 stated that the final discussion is an activity which takes place between the audit team and the auditee related to a list of temporary findings and which usually occurs in the event of a disagreement between the two parties. The final discussion process is an additional procedure that might not take place if the auditee agrees with the auditor's findings. In short, if there is an agreement between the auditor and the auditee, the final discussion process is not needed. However, it could occur if the disagreement results in a longer audit report lag. This opinion is supported by the research results of Lei et al. (2020), who found that disagreement between the auditor and the auditee positively affects audit report lag. Therefore, the related hypothesis is:

H4: Disagreement between the auditor and the auditee has a positive effect in audit report lag on customs and excise audits.

2.7. Effect of Auditee Cooperation on Audit Report Lag

Auditee cooperation refers to their attitude or behavior in dealing with the audit process. Research by Usmansyah (2003) shows that four factors affect the speed and accuracy of tax audits. The main factor that affects the speed and accuracy of tax audits is cooperative taxpayers. Another study conducted by Behn et al. (2006) found that a significant factor in reducing audit report lag

from the auditee's perspective was their mindset. This means that the auditee should also reduce the audit report time as a top priority. In addition, any lack of coordination from the auditee also has a significant influence on audit report lag (Behn et al., 2006). Loss (2000) states that auditors and auditees are recommended to communicate openly so that data and information flow effectively. Consequently, they can obtain direct feedback from each other (Smith, 2005). Therefore, it can be concluded that the factors that affect audit report lag from the perspective of the auditee include their cooperative manner in the form of attitudes and actions, including the mindset of the auditee towards the audit.

Auditees cooperation with the audit process varies. They are considered cooperative if they provide the necessary data and answer the audit findings by any specified deadline to support the customs and excise audit process. As a result, if the auditee's cooperation with the auditor is good, it will result in a shorter audit period. In contrast, if the auditee's response is slow and they tend not to cooperate with the audit team in providing the data, the data collection process will take longer. As a result, audit report lag in the customs and excise audit will be longer. In short, the auditee's cooperation has a negative effect on audit report lag. The following hypothesis is therefore proposed:

H5: The auditee's cooperation has a negative effect on audit report lag in customs and excise audits.

3. RESEARCH METHODS

This is case study research using the quantitative design method. Moreover, Gerring (2007) states that quantitative methods could be chosen if such techniques can advantageously handle the evidence in cases taken from case studies. The data collection technique in this study involves a questionnaire with closed questions using a five-point Likert scale, thus reflecting the auditor's attitude or perception of a variable. The questionnaire was evaluated by two expert audit quality supervisors with abilities and expertise in customs and excise audits. It was then tested for readability before being distributed to the sample.

The study population were auditors, including the team leaders in unit X in the Directorate General of Customs and Excise, who currently total 110 people. The study samples were certified auditors and team leaders. The sampling technique used was simple random sampling. The samples were taken randomly based on available auditor contact data from Unit X. The minimum sample was determined based on a table using Isaac and Michael's formula for a population

of 110 people with an error rate of 5%, resulting in a minimum sample size of 84 (Sugiyono, 2014).

The hypothesis testing employed the structural equation modeling partial least squares (SEM-PLS) approach to determine the factors that significantly affect audit report lag in customs and excise audits. Based on the results of previous research, and the hypotheses developed, the research model is presented in Figure 1:

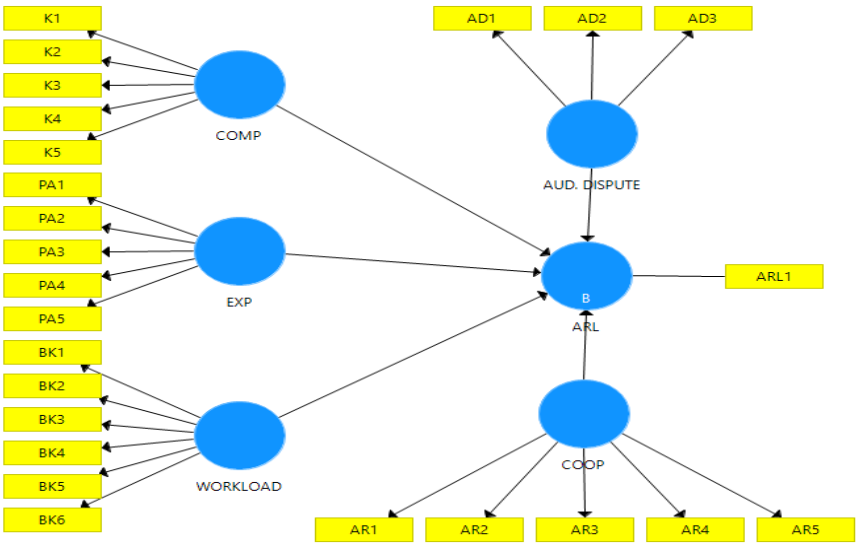

Figure 1. Research Model

The data obtained from the questionnaire reflected the auditors' perception of audit report lag factors. The measurement indicators for each variable in Figure 1 are presented in Table 2.

Table 2. Variable Measurement and Questionnaire Statements

Variable	Indicator Code	Statements	Reference
Competence (COMP)	K1	I can conduct customs and excise audits under customs and excise audit standards.	Efendy (2010)
	K2	I understand the examination technique of the audit.	
	K3	I understand any matters related to the auditee's business process.	
	K4	I have a formal educational background that is useful in the audit process.	
	K5	I have attended education or training that supports improving audit skills	
Experience (EXP)	PA1	I can detect mistakes made by the auditee well.	Sukriah et al. (2009), Ramadhanty (2013), and Sari (2017)
	PA2	My audit results will get better as more assignments are passed.	
	PA3	I am aware of audit procedures along with the frequency of the auditing that I do.	
	PA4	I understand the characteristics of a particular auditee because I frequently audit similar ones.	

	PA5	I can complete the work according to procedures because of my audit experience.	
Workload (Workload)	BK1	I feel that the audit assignment is within my capabilities.	Eghliaow (2013), Saputro (2014), Persellin et al. (2014), and Lasodi (2018).
	BK2	I can complete work on time even though the assignment workload is high.	
	BK3	I tend to increase the audit materiality level as the deadline for audit completion approaches.	
	BK4	I cannot give my full attention to a single task while doing multiple tasks at once, so I only do the bare minimum of procedures to get them all done.	
	BK5	I feel that concurrent audit assignments can cause audit completion scheduling problems for the auditor.	
	BK6	I can arrange my time in undertaking my duties as an auditor.	
Disagreement between auditor and auditee (AUD.DISPUTE)	AD1	Disagreement between the auditor and the auditee encourages final discussion activities.	Amrulloh (2013), Lei et al. (2020), PER-24/BC/2019.
	AD2	Disagreement between the auditor and the auditee may be resolved if the auditor is willing to discuss differences in the interpretation of regulations.	
	AD3	The auditor should ideally not be involved in a conflict or disagree with the auditee.	
Auditee Cooperation (COOP)	AR1	In my opinion, the auditees generally show a good attitude and behaviour towards the auditor.	Alqudah et al. (2019) and Wardihan (2016)
	AR2	In my opinion, the auditor should be ready to support and assist the auditor during the audit process.	
	AR3	In my opinion, the audit will be more effective when there is strong cooperation between the auditor and the auditee.	
	AR4	In my opinion, generally the company's management can actively cooperate in the audit process.	
	AR5	I can directly and freely access information related to the auditee's activities, obligations, and business resources that are the scope of the audit examination.	
Audit Report Lag (ARL)	ARL1	How long will it take to complete the audit assignment based on the last audit report you completed? Answer Options: 1. 3 months 2. > 3 months - 4 months 3. > 4 months - 5 months 4. > 5 months - 6 months 5. > 6 months	Adi & Marsikin (2019), Habib et al. (2019), Behn et al. (2006) and Bamber et al. (1993).

The competence (COMP), experience (EXP) and auditee's cooperation (COOP) variables were measured by five indicators. Disagreement between auditor and auditee (AUD.DISPUTE) was measured using three indicators, while workload (WORKLOAD) was measured using six. The indicator statements were answered using a five-point Likert scale, from strongly disagree (1) to strongly agree (5). Audit report lag (ARL) was measured by the length of time needed for the audit based on the last completed audit report by the auditor, consisting of five scales of completion periods.

The study hypotheses were tested using the SEM-PLS approach. The purpose of PLS is to predict the effect of variable X on Y and explain the theoretical relationship that exists between the two variables (Abdillah & Hartono, 2015). In the SEM-PLS approach, an evaluation of the outer and inner models is made. The assessment of the outer model aims to establish the validity and reliability of the model. The outer model of reflective indicators is evaluated with convergent and discriminant validity and composite reliability (Ghozali &

Latan, 2019). On the other hand, the evaluation of the inner model aims to test the hypothesis to predict the relationship between variables. The inner model is evaluated by observing the percentage of variance based on the R-Square value and the Q^2 predictive relevance for endogenous constructs (Ghozali & Latan, 2019). According to Chin (1998), the range of R-Square values is 0.67, 0.33 and 0.19, indicating a strong, moderate, or weak relationship. For the value of Q^2, $Q^2 > 0$ shows the model has predictive relevance (Ghozali & Latan, 2019). As for testing the hypothesis using the T-statistics value, it is accepted if the T-statistics > 1.64 for a one-tailed test (Abdillah & Hartono, 2015). Significance is then ascertained using p-values, which are said to be significant if <0.05.

4. ORGANISATIONAL PROFILE

Unit X is one of the organisational units within the Directorate General of Customs and Excise (DGCE) that has a supervisory function in the customs and excise sector. The main task of unit X is to formulate and implement policies and technical standardisation in the field of customs and excise audits, including conducting them. Unit X was chosen as the case study object because it has the largest audit team resources and made the most significant contribution to the audit result report completed by the Directorate General of Customs and Excise for 2019.

5. RESULT AND DISCUSSION

Table 3. Description of The Sample

Respondent Attributes	Description	Number of Respondents	Percentage
GENDER	Male Female	73 15	83% 17%
AGE	21-30 Years 31-40 Years	38 50	43% 57%
ACADEMIC BACKGROUND	Diploma III Diploma IV/S1 S2	14 73 1	16% 83% 1%
POSITION	Team Leader Auditor	29 59	33% 67%
WORK PERIOD	1-10 Years 11-20 Years	65 23	74% 26%

Source: primary data from questionnaire

The questionnaires distributed were completed by 88 people, meaning the participation rate was 80%. Based on Table 3, most respondents (83%) were male and most were in the 31-40 age range, thus reflecting relatively young and productive employees. Regarding education, most of the auditors and team leaders (83%) hold a Diploma IV/S1, while only 1% had a master's education background. In relation to their positions in the audit team, it is known that most respondents were auditors. Finally, most of the sample had worked for 10 years or less.

Table 4. Description of Statistics

Variable	Mean	Median	Min	Max
ARL	3.455	4.00	1.00	5.00
AUD. DISPUTE	3.951	4.00	1.00	5.00
COMP	4.443	4.00	1.00	5.00
EXP	4.405	4.00	1.00	5.00
COOP	4.150	4.00	1.00	5.00
WORKLOAD	3.650	4.00	1.00	5.00

Source: reprocessed from Smart PLS 3.0 output

Table 4 shows the description of statistics from the questionnaire. The mean of the audit report lag (ARL) variable is 3.455, which means that the average audit report lag is between 4 to 5 months. The disagreement between auditors and auditees (AUD.DISPUTE) has a mean of 3.951, indicating that most of the respondents agreed with the questionnaire statements. Competence (COMP) had a mean value of 4.443, showing that most of the respondents answered ‘agree’, while the experience factor (EXP) had a mean value of 4.405, which also indicates that most respondents answered ‘agree’. Auditee cooperation (COOP) had a mean of 4.105, also showing that the majority of respondents agreed. Finally, workload (WORKLOAD) had a mean of 3.650, indicating that most respondents agreed.

Furthermore, validity and reliability test were required before testing the hypotheses. The validity test consisted of convergent and discriminant validity. The parameters used in the convergent validity test were the loading factor and average variance extracted (AVE) values. The loading factor must be greater than 0.4 or 0.5 (Hulland, 1999), while the AVE value must be greater than 0.5 to be deemed to have met convergent validity (Ghozali & Latan, 2019). In addition, discriminant validity is considered to be valid if the cross-loading value is greater than 0.7 in one variable (Abdillah & Hartono, 2015). Moreover, the reliability test used a composite reliability value criterion greater than 0.7 for it to be said to be reliable.

Table 5. Validity and Reliability Tests

Variable	Average Variance Extracted (AVE)	Cross Loading	Composite Reliability	Conclusion
ARL	1.000	1.000	1.000	**Valid & Reliable**
AUD. DISPUTE	0.586	0.765	0.721	**Valid & Reliable**
COMP	0.569	0.755	0.793	**Valid & Reliable**
EXP	0.625	0.790	0.833	**Valid & Reliable**
COOP	0.522	0.722	0.765	**Valid & Reliable**
WORKLOAD	0.509	0.713	0.752	**Valid & Reliable**

Source: reprocessed from Smart PLS 3.0 output

Based on the outer loading test results, out of the twenty-five indicators, ten had a loading factor value of less than 0.5, so these needed to be excluded from the research model. The remaining fifteen indicators had loading factor values exceeding 0.5 and were further subjected to validity and reliability testing, with the results shown in Table 5. These show that the AVE value for all the variables is > 0.5, so it can be said that the research model meets the requirements of convergent validity. Discriminant validity was measured using a cross-loading values. The data shown in Table 5 indicate that all the variables have cross-loading values of > 0.7, so the research model is considered to have met discriminant validity. In addition, with regard to the reliability testing, Table 5 shows that all the variables have composite reliability values > 0.7, again indicating that the research model has met the reliability requirements.

Table 6. Inner Model Evaluation Results

Variable	R Square (R^2)	Adjusted R Square	Q^2 predictive Relevance	Relationship Level
ARL	0.374	0.336	0.243	**Moderate**

Source: reprocessed from Smart PLS 3.0 output

The R square (R^2) value shown in Table 6 is 0.374, which indicates a moderate relationship level. The value means that 37.4% of the variations in the changes in the endogenous variable, namely audit report lag, can be explained by the variables of competence, experience, disagreement between the auditor and auditee, and auditee cooperation. The remaining 62.6% is explained by other variables outside the research model. The Q^2 value is 0.243 greater than 0, so it is concluded that the research model has predictive relevance.

Table 7. Hypothesis Testing Results

Variable	Predictions	Path Coefficients	T Statistics	P Values	Significance	Hypothesis Conclusion
COMP -> ARL (H1)	(-)	0.217	1.914	**0.028**	***Significant***	***Accepted***
EXP -> ARL (H2)	(-)	0.111	1.002	0.158	*Not Significant*	*Rejected*
WORKLOAD -> ARL (H3)	(+)	0.179	2.013	**0.022**	***Significant***	***Accepted***
AUD. DISPUTE -> ARL (H4)	(+)	0.387	4.723	**0.000**	***Significant***	***Accepted***
COOP -> ARL(H5)	(-)	-0.309	2.838	**0.002**	***Significant***	***Accepted***

Source: reprocessed from Smart PLS 3.0 output

Description: COMP: Competence; EXP: Experience; WORKLOAD: Workload; AUD.DISPUTE: Disagreement between auditor and auditee; COOP: Auditee cooperation; ARL: Audit Report Lag.

The results of the hypothesis testing are shown in Table 7. The competence variable has a p-value of 0.028, and T-statistics value of 1.914. These indicate that H1 is accepted. The path coefficient is positive, thus indicating a positive and significant relationship with audit report lag. The experience variable has a T-statistics value of 1.002, and a p-value of 0.158, demonstrating an insignificant relationship with audit report lag, so H2 is rejected (1.002 < 1.64). The workload has a p-value of 0.022, and a T-statistics value of 2.013, indicating a positive and significant relationship with audit report lag (0.022 < 0.05), so H3 is accepted. The variable of disagreement between auditors and auditees has a T-statistics value of 4.723, and a p-value of 0.000. These show a positive and significant relationship with audit report lag (0.000 < 0.05), meaning is H4 accepted. Finally, auditee cooperation has a p-value of 0.002, and T-statistics value of 2.838. There is therefore a negative and insignificant relationship with audit report lag (0.002 < 0.05), so H5 is accepted.

The hypothesis testing resulted in H1 being accepted, which means it is proven that competence significantly affects audit report lag. However, the relationship that occurs is different from the previous H1. In this study, competence has a positive affects on audit report lag, which means that the higher the level of competence of an auditor, the longer the audit report lag. These results are different from those of previous studies, such as that of Habib et al. (2019) study. However, this study does support the research of Ocak & Özden (2018), which shows that there is a positive influence between the level of auditor education and audit report lag, which means that the higher the competence of the auditor in terms of education level, the longer the audit report lag. This positive influence between competence and audit report lag can be caused by the fact that a competent auditor will be more thorough in conducting examinations and balancing the quality of the resulting audit with the audit report lag. In brief, the auditor will try to use his skills and abilities carefully and thoroughly, as stated in PER-31/BC/2017 concerning Customs Audit Standards and Excise Audit. Consequently, it takes more time to convince the auditor that all audit procedures conform with audit standards, thus making any audit report lag longer. Therefore, auditors need to improve their audit data

processing techniques, including the use of sophisticated software or implementation of e-audit to process audit data more quickly to reduce the lag.

The hypothesis testing shows H2 was rejected. It means that experience was not proven to have a negative effect on audit report lag. The result of this study are different from those previous ones, such as the research of Ocak & Özden (2018) and Payne & Jensen (2002). However, this study does support the findings of Cagle (2012), who found that auditor expertise, as measured by the total number of clients, did not significantly affect audit report lag. Experience does not have a significant effect on audit report lag because other factors are more significant, such as workload, as argued by Cagle (2012). Cagle (2012) states that the insignificant effect of experience was caused by the auditor's experience not being able to offset their high workload. Therefore, even if an auditor is experienced, such experience is insignificant in shortening the audit report lag period if the workload is high.

Furthermore, H3 was accepted, demonstrating that workload has a positive and significant effects on audit report lag. This indicates that the greater the auditor's workload, the longer the audit report lag. This finding is in line with those of previous studies such as Habib et al. (2019), Christensen et al. (2021), and Wan Hussin et al. (2018), who found that workload affects audit report lag. The cause of the positive and significant effect between workload and audit report lag is the split of auditors' focus and concentration. If auditors have a high workload, their focus is divided and confused in determining assignment priority. Consequently, this means some assignments are completed on time, while others are delayed. Therefore, it can be concluded that the higher the workload, the longer the audit report lag. It is thus necessary to implement e-audit for audit assignments; conduct workload analysis taking into consideration the capacity and expertise of each member; make risk-based assessments; and simplify administrative processes, such as issuing determination letters electronically to reduce audit report lag.

As a result of the hypothesis testing, H4 was accepted, which means that disagreement between auditor and the auditee has a positive and significant effect on audit report lag. This means the greater the level of agreement between the auditor and the auditee, the shorter the audit report lag. These results support those of McLelland & Giroux (2000), Eghliaow (2013), and Lei et al. (2020). The cause of the positive effect is the existence of conflicts of interest. The auditee will try to justify and convince the auditor that what they are doing complies with regulations. In contrast, the auditor will stick to the audit findings and audit criteria. Another cause is the possibility of regulations that have multiple interpretations, leading to differences between the auditor and auditee. These different interpretations mean that other processes are necessary to solve any problem, such as a final discussion activity, that makes the audit completion period longer. Therefore, to mitigate disagreement, it is necessary to obtain auditee’s opinions on regulations with multiple interpretations in order to improve them. It is also necessary to examine and assess the quality of audit working papers before issuing a list of findings to convince the auditee about them.

Finally, following the hypothesis testing, H5 was accepted, thus demonstrating that the auditee's cooperation has a negative and significant effect on audit report lag. This indicates that the higher the auditee cooperation the shorter the audit report lag. This result supports the research of Usmansyah (2003) and Behn et al. (2006), which found that an auditee's cooperation in the form of attitude and coordination had a significant effect on reducing audit report lag. Consequently, the better the cooperation from the auditee, the shorter the audit report lag. The reason for the negative effect is the existence of a cooperative attitude or action from the auditee, which can facilitate and supports the audit team in relation to the required data and allow them to respond to the audit findings for immediate confirmation in order to shorter audit report lag. To increase auditee cooperation, Unit X can provide incentives to them during the audit process in the form of recommendations on priority paths to the directorate of technical customs. Moreover, it is necessary to create specific criteria for auditees to obtain permission to extend the time for submitting data in order to shorten any lag

6. CONCLUSION AND DISCUSSION

The study aimed to identify the factors that affect audit report lag in customs and excise audits. The hypothesis test results show that competence, workload, disagreement between auditor and auditee, and auditee cooperation significantly affect such lag. However, experience was not proven to have effect on the lag. This is because other factors have a more significant effect on the audit report lag period, such as workload, as found by Cagle (2012).

Furthermore, competence has a positive impact on audit report lag. This means that the higher the competence, the longer the audit report lag. This positive effect is caused by the fact that competent auditors will be more thorough in conducting examinations and balancing the quality of the resulting audit with any audit report lag. In addition, workload has a positive effect on audit report lag; the higher the workload, the longer the lag. The cause of this positive relationship between workload and audit report lag is the auditors' focus and concentration, which is divided if they have a high workload.

Disagreement between the auditor and auditee has a positive impact. The greater any dispute between them, the longer the audit report lag. The cause of this positive effect is the conflict of interest between auditor and auditee and multiple interpretations of regulations. Regarding the auditee cooperation, this has a negative effect on audit report lag, indicating that the higher the cooperation, the shorter the audit report lag. The reason for the negative effect is a cooperative attitude from the auditee, which can facilitate and support the audit team and encourage faster audit completion.

Therefore, unit X is recommended to improve its auditor data processing techniques including the use of sophisticated software or implementation of e-audit to process audit data more quickly to reduce any lag due to competence factors. Moreover, it is necessary to conduct workload analysis for each audit team which takes into consideration the capacity and expertise of each member; to make risk-based assessments within the internal team; and to simplify

administrative processes such as issuing determination letters electronically to reduce audit report lag due to high workload. Furthermore, to mitigate disagreement between the auditor and the auditee, it is necessary to obtain auditees opinions on the regulations with multiple interpretations to improve the regulations.

Moreover, it is also required to assess the quality of audit working papers before issuing a list of provisional findings. Providing incentives schemes to auditees during the audit process would increase their cooperation, such as recommendations on customs priority paths to shorter the lag. Then, it is necessary to create specific criteria for the auditees to obtain permission to extend the time for submitting data to shorten the audit report lag. Finally, the limitation of this study lies in the difficulties faced in collecting secondary data due to confidentiality issues in audit reports. Further research could use other variables or indicators other than those measured by audit reports to predict audit report lag factors better.

ACKNOWLEDGEMENT

The author would like to thank the Head of unit X for the permission to conduct this research and two experts who were willing to provide the expert judgment for the questionnaire. The authors also thank all parties and colleagues involved as questionnaire respondents in unit X to help the authors obtain the data needed to complete this research.

REFERENCES

Abdillah, Willy dan Hartono, Jogiyanto. (2015). *Partial Least Square (PLS): Alternatif Structural Equation Modeling (SEM) dalam Penelitian Bisnis.* Yogyakarta: Andi Offset.

Adi, B. K., & Marsikin, W. (2019). Pengaruh Tipe Perusahaan, Pengalaman Auditor, Dan Frekuensi Impor Terhadap Jangka Waktu Penyelesaian Audit Kepabeanan. *Account*, *6*(1), 918–931. https://doi.org/10.32722/acc.v6i1.1372.

Alqudah, H. M., Amran, N. A., & Hassan, H. (2019). Factors affecting the internal auditors' effectiveness in the Jordanian public sector: The moderating effect of task complexity. *EuroMed Journal of Business*, *14*(3), 251–273. https://doi.org/10.1108/EMJB-03-2019-0049.

Amrulloh. (2013). Pengaruh Independensi dan Pengalaman Auditor Terhadap Kualitas Audit Pada KAP se-Kota Malang. Skripsi. Malang: Universitas Islam Negeri Maulana Malik Ibrahim. http://etheses.uin-malang.ac.id/2069/1/09520049_Pendahuluan.pdf.

Bamber, E. M., Bamber, L. S., & Schoderbek, M. P. (1993). Audit Structure and Other Determinants of Audit Report Lag: An Empirical Analysis. *Auditing*, *12*(1), 1–23. http://ezproxy.library.capella.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=9703122197&site=ehost-live&scope=site.

Behn, B. K., Searcy, D. L., & Woodroof, J. B. (2006). A Within Firm Analysis of Current and Expected Future Audit Lag Determinants. Journal of Information Systems, 20(1), 65–86. https://doi.org/10.2308/jis.2006.20.1.65

Brody, R. G. (2012). External auditors' willingness to rely on the work of internal auditors: The influence of work style and barriers to cooperation. Advances in Accounting, 28(1), 11–21. https://doi.org/10.1016/j.adiac.2012.02.005.

Cagle, C. S. (2012). Audit and compilation report timeliness in local governments: An empirical investigation of mississippi governmental entities that exceed state reporting deadlines (Order No. 3518331). Available from Accounting, Tax & Banking Collection; ProQuest Dissertations & Theses Global. (1033569845). Retrieved from https://www.proquest.com/dissertations-theses/audit-compilation-report-timeliness-local/docview/1033569845/se2?accountid=17242.

Christensen, B. E., Newton, N. J., & Wilkins, M. S. (2021). How do team workloads and team staffing affect the audit? Archival evidence from U.S. audits. *Accounting, Organizations and Society*, *92*, 101225. https://doi.org/10.1016/j.aos.2021.101225.

Efendy, M. T. (2010). Pengaruh Kompetensi, Independensi, dan Motivasi Terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah. Jurnal Ilmiah Akuntansi. https://doi.org/10.1017/CBO9781107415324.004.

Eghliaow, S. M. (2013). An empirical examination of the determinants of audit delay in hong kong. The British Accounting Review, 26(1), 43–59. https://doi.org/10.1006/bare.1994.1005.

Gerring, J. (2007). *Case Study Research Principle and Practices*. New York: Cambridge University Press.

Ghozali, Imam and Latan, Hengky (2019). *Partial Least Square* : *Konsep, Teknik dan Aplikasi Menggunakan Program Smart PLS 3.0.* Semarang: Badan Penerbit-Undip.

Habib, A., Bhuiyan, M. B. U., Huang, H. J., & Miah, M. S. (2019). Determinants of audit report lag: A meta-analysis. *International Journal of Auditing*, *23*(1), 20–44.

Hakiki, M. F., Nasih, M., Anshori, M., Herianingrum, S., & Iswati, S. (2018). *Variables Affecting Audit Hours in Indonesia*. *January*, 632–637. https://doi.org/10.5220/0007019106320637.

Hulland, J. (1999). Use of Partial Least Squares (PLS) in Strategic Management Research: A Review of Four Recent Studies. Strategic Management Journal, 20(2), 195-204. Retrieved August 25, 2021, from http://www.jstor.org/stable/3094025.

Lasodi, D. F. (2018). Pengaruh Beban Kerja, Kompetensi, Pengalaman Audit, Independensi Auditor dan Religiusitas Terhadap Kemampuan Mendeteksi Kecurangan (Studi Empiris Pada BPKP Perwakilan DIY). Skripsi. Yogyakarta: Universitas Muhammadiyah Yogyakarta. http://repository.umy.ac.id/handle/123456789/20753.

Lei, D., Zho, Y., & Wang, Y. (2020). Auditor-client disagreements, auditor resignations, and audit fees charged by successor auditors. Journal of Applied Business Research, 36(1), 15–28. https://doi.org/10.19030/jabr.v36i1.10321.

Luthans, F. (2011). Organizational behavior : an evidence-based approach (Twelfth Ed). McGraw-Hill. https://doi.org/10.5005/jp/books/10358_23.

Margheim, L. L. (2020). *Further Evidence on External Auditors ' Reliance on Internal Auditors University of Chicago Stable URL : https://www.jstor.org/stable/2490813 Further Evidence on External Auditors ' Reliance on Internal Auditors*. *24*(1), 194–205.

McLelland, A. J., & Giroux, G. (2000). An empirical analysis of auditor report timing by large municipalities. *Journal of Accounting and Public Policy*, *19*(3), 263–281. https://doi.org/10.1016/S0278-4254(00)00011-9.

OECD. (2006). Strengthening Tax Audit Capabilities: General Principles and Approaches. Oecd, 54(October).

Ocak, M., & Can, G. (2019). Do government-experienced auditors reduce audit quality? *Managerial Auditing Journal*, *34*(6), 722–748. https://doi.org/10.1108/MAJ-12-2017-1756.

Ocak, M., & Özden, E. A. (2018). Signing auditor-specific characteristics and audit report lag: A research from Turkey. *Journal of Applied Business Research*, *34*(2), 277–294. https://doi.org/10.19030/jabr.v34i2.10129.

Payne, J. L., & Jensen, K. L. (2002). An examination of municipal audit delay. *Journal of Accounting and Public Policy*, *21*(1), 1–29. https://doi.org/10.1016/S0278-4254(02)00035-2.

Perry, S. M., Peters, G. F., & Member, C. (2015). *A Reexamination of the Dilution of Auditor Misstatement Risk Assessments: An Experimental Study of the Impact of Client Information Type, Workload, and PCAOB Guidance on Dilution*.

Persellin, J., Schmidt, J. J., & Wilkins, M. S. (2014). Auditor Perceptions of Audit Workloads, Audit Quality, and the Auditing Profession. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2534492

Ramadhanty, Rezky Wulan. (2013). Pengaruh Pengalaman, Otonomi, Profesionalisme dan Ambiguitas Peran Terhadap Kinerja Auditor (Studi Empiris pada Kantor Akuntan Publik di Daerah Istimewa Yogyakarta). Skripsi. Yogyakarta: Universitas Negeri Yogyakarta. https://core.ac.uk/display/33514336.

Republik Indonesia, Pemerintah. (2006). Undang-Undang Nomor 17 tahun 2006 tentang Perubahan atas Undang-Undang Nomor 10 tahun 1995 tentang Kepabeanan.

Republik Indonesia, Pemerintah. (2019). Peraturan Direktur Jenderal Bea dan Cukai Nomor PER-24/BC/2019 tentang Perubahan atas Peraturan Direktur Jenderal

Bea dan Cukai Nomor PER-35/BC/2017 tentang Tata Laksana Audit Kepabeanan dan Audit Cukai.

Republik Indonesia, Pemerintah. (2017). Peraturan Direktur Jenderal Bea dan Cukai Nomor PER-31/BC/2017 tentang Standar Audit Kepabeanan dan Audit Cukai.

Republik Indonesia, Pemerintah. (2011). Peraturan Menteri Keuangan Republik Indonesia Nomor 200/PMK.04/2011 tentang Audit Kepabeanan dan Audit Cukai.

Salleh, Z., & Stewart, J. (2012). The role of the audit committee in resolving auditor-client disagreements: A Malaysian study. Accounting, Auditing and Accountability Journal, 25(8), 1340–1372. https://doi.org/10.1108/09513571211275506.

Saputro, A. A. (2014). Hubungan Antara Kelebihan Beban Kerja Dengan Job Burn Out Pada Karyawan. Skripsi. Malang: Universitas Islam Negeri Maulana Malik Ibrahim. http://etheses.uin-malang.ac.id/1630.

Sari, E. K. N. (2017). *Pengaruh Keahlian Audit, Tekanan Ketaatan, Kompleksitas Tugas, Dan Pengalaman Terhadap Audit Judgment (Studi Empiris pada Kantor Akuntan Publik di Surakarta dan Yogyakarta*). Skripsi. Surakarta: Universitas Muhammadiyah Surakarta. http://eprints.ums.ac.id/51776/.

Setiawan, L., & Fitriany, F. (2011). Pengaruh Workload Dan Spesialisasi Auditor Terhadap Kualitas Audit Dengan Kualitas Komite Audit Sebagai Variabel Pemoderasi. *Jurnal Akuntansi Dan Keuangan Indonesia*, *8*(1), 36–53. https://doi.org/10.21002/jaki.2011.03.

Smith, G. (2005). Communication skills are critical for internal auditors. Managerial Auditing Journal, 20(5), 513–519. https://doi.org/10.1108/02686900510598858.

Sugiyono. (2014). *Metode Penelitian Bisnis*. Bandung: Alfabeta.

Sukriah, I., Akram., & Inapty, B. A. (2009). *Pengaruh Pengalaman Kerja, Independensi, Obyektifitas, Integritas dan Kompetensi Terhadap Kualitas Hasil Pemeriksaan*. Simposium Nasional Akuntansi XII. Palembang. https://scholar.google.co.id/citations?view_op=view_citation&hl=id&user=G5SYWoYAAAAJ&citation_for_view=G5SYWoYAAAAJ:u5HHmVD_uO8C.

Usmansyah. (2003). Analisis Faktor-Faktor Yang Mempengaruhi Efektivitas Pemeriksaan Pajak. Tesis. Depok: Fakultas Ilmu Sosial dan Ilmu Politik Universitas Indonesia. http://lib.ui.ac.id/detail?id=96909&lokasi=lokal.

Wan Hussin, W. N., Bamahros, H. M., & Shukeri, S. N. (2018). Lead engagement partner workload, partner-client tenure and audit reporting lag: Evidence from Malaysia. *Managerial Auditing Journal*, *33*(3), 246–266. https://doi.org/10.1108/MAJ-07-2017-1601.

Wardihan, Dini Wijayanty. (2016). Pengaruh Kompetensi, Independensi, dan Tekanan Waktu Auditor terhadap Kualitas Audit. Skripsi. Bandung: Universitas Pasundan. http://repository.unpas.ac.id/11608/.

Weiner, B. (2010). Attribution Theory. International Encyclopedia of Education, 6(December), 558–563. https://doi.org/10.1002/9780470479216.corpsy0098

World Customs Organization. (2018). *Post-Clearance Audit (PCA) Volume 1*. *1*(June 2012),1-26. http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/key-issues/revenue-package/pca_guidelines_vol1.pdf?la=en.