e-ISSN:2582-7219

INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH
IN SCIENCE, ENGINEERING AND TECHNOLOGY

Volume 7, Issue 7, July 2024

INTERNATIONAL STANDARD SERIAL NUMBER INDIA

Impact Factor: 7.521

International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

| ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.524| Monthly, Peer Reviewed & Referred Journal|

| Volume 7, Issue 7, July 2024 |

| DOI:10.15680/IJMRSET.2024.0707282 |

The Impact of Audit Related Factors on Audit Report Lag for the Johal Logistics Pvt Ltd

Ramprasad S, Mr. Syed Moinuddin, Mr. P. Anbarasan

P.G. Student, Department of MBA, Tagore Engineering College, Tamil Nadu, India

Assistant Professor, Department of MBA, Tagore Engineering College, Tamil Nadu, India

Assistant Professor, Department of MBA, Tagore Engineering College, Tamil Nadu, India

ABSTRACT: This study extends the prior studies by examining the influence of "audit-related factors", namely audit firm industry specialization, audit tenure, audit fees and joint audit on audit report lag for the Johal Logistics Pvt Ltd company covering the period 2021 - 2023. The results indicate that on average, the sampled companies consume 77 days from the end of balance sheet date to the signed audit report date. In addition, by running Ordinary Least Square (OLS) regression analysis, the findings reveal that, while company size, leverage and qualified auditor report associate positively to a report lag, audit fees, joint audit, audit firm industry specialization, managerial ownership and government ownership associate negatively. Based on the limited literature addressed auditor-related factors, the current study would hold a contribution in terms of investigating the impact of such factors on audit report lag in focused company.

KEYWORDS: Audit report lag, Ownership, Audit related factors, Company, Audit, Ordinary Least Square.

I. INTRODUCTION

An audit report lag (ARL) is defined as a period from a company's fiscal year-end date to the audit report date. The shorter the ARL in releasing audited financial statements, the greater the usefulness and benefits that users can derive from these statement**.** It is an important issue because it can affect the timeliness of accounting information that is used by internal and external users of their decision making. The purpose of this study is to investigate the effects of audit report lag on profitability, solvency, company size, and public accounting firms' reputation. Audit report lag, or the duration of the audit from the closing date of the firm's books to the date specified in the audit report, can be used to gauge how quickly the company delivers its financial statements.

IMPACT OF AUDIT REPORT LAG: Johal Logistics Pvt Ltd

Decreased Information Asymmetry:
- Stakeholders can make better decisions when they have access to timely financial information thanks to shorter ARLs.
- **Improved Market Efficiency:**
- Accurate stock pricing might result from timely reports.
- **Reduced Risk of Insider Trading:**
- Delays provide knowledge gaps that insiders may take advantage of, lowering the risk of insider trading.

AUDIT RELATED FACTORS:

Audit Reputation:
- Renowned audit firms may be more efficient, resulting in shorter ARLs.

Auditor Tenure:
- Longer tenures with the same auditor may result in shorter ARLs owing to increasing knowledge with the company's activities.

| ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.524| Monthly, Peer Reviewed & Referred Journal|

| Volume 7, Issue 7, July 2024 |

| DOI:10.15680/IJMRSET.2024.0707282 |

II. REVIEW OF LITERATURE

- **An International Perspective on Audit Report Lag: A Synthesis of the Literature and Opportunities for Future Research (2023) by Agyei-Mensah et al.:** This research provides a global perspective on audit report lag determinants. It emphasizes the importance of understanding these factors across different countries due to the increasing globalization of financial markets.

- **Audit Committee and Audit Report Lag: A Literature Review (2022) by Mitskinis & Drogalas:** This review focuses on research published between 2006-2022 and explores the connection between audit report lag and various characteristics of the audit committee. It identifies a growing body of research examining how committee size, independence, financial expertise, and meeting frequency influence audit lag.

- **The effect of company characteristics and auditor characteristics to audit report lag (2019):** This study by Habib & Bhuiyan investigates the impact of both company and auditor characteristics on audit report lag. It suggests factors like profitability, company size, and auditor reputation can influence the time needed to complete the audit.

- **The effect of company characteristics and auditor characteristics to audit report lag** (2019) by Setiawan and Purwanto [I Made Agus Setiawan, Yulianto Purwanto] investigates the relationship between various company and auditor characteristics (including audit fees, reputation, and tenure) with audit report lag.

- **Reviewing the Literature on Audit Report Lag and Corporate Governance** (2011) by Hashim and Rahman [Ummi Junaidda Binti Hashim, Rashidah Binti Abdul Rahman] explores the existing research on audit report lag and how corporate governance mechanisms affect the timeliness of audit reports ([invalid URL removed]).

III. RESEARCH METHODOLOGY

TYPE OF RESEARCH:

As this study aims to carefully examine the financial situation and future prospects of JOHAL PRIVATE LIMITED in detail this is considered as DESCRIPTIVE STUDY.

SOURCES OF DATA COLLECTION:

SECONDARY DATA

Secondary data are those that have already been gathered and run through the statistical engine a minimum of once. The study primarily uses secondary data, such as annual reports, corporate manuals, and other pertinent papers. The organization's material was also used in the investigation. A further source of information was the firm website, as well as references to the library, reviews of various articles, and pertinent earlier research.
The major source of secondary data is:
Balance sheet of the company

DATA ANALYSIS USED FOR THIS STUDY:

1. Univariate Analysis
2. Multivariate Analysis

IV. DISCUSSION

- The regression results for Model 1 show that the adjusted R 2 is 22 per cent, which implies that 22 per cent of the variation in the ARL.
- The results support hypotheses H3, H4, H5, and H6. For hypothesis H3, the results show that the coefficient of audit firm industry specialization is significant at the 1per cent level.
- The results of the multivariate analysis related to the auditor opinion variable indicate the positive impact of qualified opinion on ARL at the 99 per cent level of confidence.

| ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.524| Monthly, Peer Reviewed & Referred Journal|

| Volume 7, Issue 7, July 2024 |

| DOI:10.15680/IJMRSET.2024.0707282 |

- The results of the regression analysis show a negative association between joint audit and ARL at the 90 per cent confidence level.
- The multivariate analysis fails to provide empirical evidence for the impact of audit type, auditor tenure, complexity, and private ownership on ARL.

V. RESULTS

FIGURE 1. Descriptive analysis of both dependent and independent variables

Variables	Mean	Min.	Max.	Std. Dev.
Panel A: Dependent V.				
ARL	76.74	8	240	30.524
Panel B: Independent V.				
Spc	.21428	.0004	.991	.262191
Fees	207348.99	10000	15268061	1265070.2
Size	2831879900	20246516	68222900000	8086368473.08
Lev	.42718	.003	2.261	.261914
Compx	2.99	0	65	8.655
Man-Own	.15930	0	.965	.250551
Gov-Own	.20085	0	.957	.299165
Priv-Own	.24733	0	.997	.312962
Panel C: Dummy Independent V.	Frequency		%	
Aud : Big4 Not Big4	172 341		33.5 66.5	
Tun : The auditor engaged with the client for more than or equal three years. The auditor engaged with the client for less than three years.	403 110		78.6 21.4	
Opn : Un-qualified Qualified	289 224		56.3 43.7	
Joint: The auditor reliance on other auditor. The auditor not reliance on other auditor	141 372		27.5 72.5	

FIGURE 2. Correlation matrix of study's variables

	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
(A)	-.01	-.02	.05	-.31**	-.18**	-.13**	.23**	.26**	.14**	-.19**	.09	-.01
(B)		.06	.42**	.19**	..34**	.13**	.43**	.12**	.51**	.06	-.22**	.33**
(C)			.10*	-.01	-.02	.07	.14**	.12*	-.01	-.02	.19**	-.02
(D)				-.12**	.02	.15**	.49**	.13**	.29**	-.09	.10*	.13**
(E)					.41**	-.01	-.05	-.12**	.14**	.18**	-.41**	.27**
(F)						.23**	.22**	-.04	.29**	.15**	-.39**	.27**
(G)							.14**	-.11*	-.02	.07	.10*	-.03

| ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.524| Monthly, Peer Reviewed & Referred Journal|

| Volume 7, Issue 7, July 2024 |

| DOI:10.15680/IJMRSET.2024.0707282 |

(H)								.23**	.57**	-.10*	.14**	.20**
(I)									.18**	-.10*	-.01	.16**
(J)										-.02	-.25**	.27**
(K)											-.37**	-.24**
(L)												-.39**

FIGURE 3. VIF and Tolerance values for the independent variables

Variables	**Tolerance**	**VIF**
Aud	**.579**	**1.726**
Tun	**.928**	**1.077**
Spc	**.662**	**1.510**
Opn	**.691**	**1.448**
Fees	**.622**	**1.608**
Joint	**.848**	**1.179**
Size	**.451**	**2.218**
Lev	**.872**	**1.147**
Compx	**.507**	**1.972**
Man-Own	**.650**	**1.540**
Gov-Own	**.434**	**2.302**
Priv-Own	**.578**	**1.730**

FIGURE 4. MULTIVARIATE ANALYSIS

Model	Coef.	T Statistic	P value
CONSTANT	-7.776	-.394	.694
Aud	-2.976	-.963	.831
Tun	-2.976	-.963	.336
Spc	-14.469***	-2.572	.010
Opn	-15.940***	-5.456	.000
Fees	-.983***	-3.043	.002
Joint	-5.624*	-1.925	.055
Size	5.472***	5.088	.000
Lev	16.719***	3.389	.001
Compx	.736	.648	.517

| ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.524| Monthly, Peer Reviewed & Referred Journal|

| Volume 7, Issue 7, July 2024 |

| DOI:10.15680/IJMRSET.2024.0707282 |

Man-Own	-19.868***	-3.339	.001
Gov-Own	-18.456***	-3.032	.003
Priv-Own	-7.251	-1.433	.152
P value	0.000		
F-Ratio	12.814		
Adj. R^2	22 per cent		

VI. CONCLUSION

Audit report lag (ARL), the time between a company's fiscal year-end and the issuance of its audited financial statements, is an important metric for financial statement users. A longer ARL can decrease the relevance and timeliness of financial information. Audit-related factors play a significant role in influencing ARL. The audit itself can significantly impact the timeliness of financial reporting. Complex accounting issues, weaknesses in a company's internal controls, or a high perceived risk of material misstatement can all lead to a longer audit report lag. Conversely, strong internal controls and a history of clean audits can expedite the audit process and result in a quicker issuance of the audit report.

REFERENCES

1. https://www.johallogistics,com/
2. https://www.researchgate.net/publication/ The impact of Audit related factors on Audit Report Lag of Egyptian listed non-financial companies
3. https://cleartax.in/f/
4. https://www.zaubacorp,com/
5. https://www.researchgate.net/publication/Audit Report Lag and its Determinants
6. https://www.publications.aaahq.org

INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING AND TECHNOLOGY

| Mobile No: +91-6381907438 | Whatsapp: +91-6381907438 | ijmrset@gmail.com |

www.ijmrset.com