

## Research Article

# The Influence of Company Profitability, Corporate Risk, Audit Report Lag, and CEO Gender on Audit Fee

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**Abstract.**

This research aims to examine the influence of company profitability, company risk, audit report lag, and CEO gender on audit fees and to test the differences in independent variables and dependent variables before and during the COVID-19 pandemic. The object of this research is non-financial sector companies listed on the Indonesia Stock Exchange in 2018–2021. This research uses secondary data. The number of samples in this research was 75. The sample selection technique used is purposive sampling. Data analysis was done using panel data analysis, paired sample *t*-tests, and Wilcoxon tests. Results show that the audit report lag variable has a positive effect on audit fees. In contrast, the variables of company profitability, company risk, and CEO gender do not affect audit fees. Based on the results of the average difference test, the profitability and audit report lag variables experienced significant changes before and during the COVID-19 pandemic, while the audit fee, company risk, and CEO gender variables did not experience significant changes before and during the COVID-19 pandemic.

**Keywords:** audit fee, company profitability, company risk, audit report lag, CEO gender

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## 1. Introduction

The COVID-19 pandemic has had an impact on the world economy, including Indonesia. Limited community mobility results in the degradation of economic activity, both in production, consumption, and investment. The COVID-19 pandemic also has an impact on the Indonesian stock market, where many investors hesitate to invest during an economic crisis because of the risks they face [1]. The need for financial information has increased since the emergence of the COVID-19 pandemic, where the business world has been shaken by facing risks that are still considered new. This causes shareholders to need a report that can describe the company's overall financial condition to assess the company's risks and continuity.

Financial reports, which are a form of company accountability to shareholders, must contain correct and honest financial information. This lack of information obtained by shareholders often results in an asymmetry in the information conveyed by company

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management. As a way to mediate this, companies need the services of external auditors to provide confidence through their opinion that the financial statements are free from all elements of materiality and assist agents in being accountable for their financial reports. Audit services have become so important that they have become a mandatory requirement for public companies when reporting their financial reports. This mandatory requirement is regulated in Financial Services Authority Regulation Number 29/PO J.K.04/2016 concerning the annual reports of issuers or public companies, which must contain annual financial reports that have been audited by a public accountant. For the insurance services provided, the company is charged a fee called an audit fee.

Currently, the regulations governing the determination of audit fees are the Indonesian Institute of Public Accountants (IAPI) management regulations number 2 of 2016 concerning the determination of fees for financial report audit services. IAPI Management Regulation Number 2 of 2016 explains that if the compensation for audit services received by public accountants is considered too low, it has the potential to create a threat to personal interests and result in public accountants acting against the professional code of ethics. However, in some cases, the audit fees paid are not commensurate with the quality of the audit provided by the auditor. The case of PT Garuda Indonesia, which found a profit markup of US\$ 809 thousand and involved KAP Tanubrata Sutanto Fahmi Bambang and Partners, received an audit fee of Rp 4,922,000,000. The amount of this fee was not commensurate with the quality of the audit provided because several violations of the professional standards of accountants were found. public (SPAP).

Because there are no ideal rules governing the assessment of audit fees, several factors, including profitability, company risk, audit report lag, and CEO gender, may have an impact on the amount of pay for services rendered. The discovery of gap phenomena and research gaps from the explanation above means that the topic of audit fees and the factors that influence them need to be re-examined. The research objects used are non-financial companies listed on the IDX and classified in the main board index. To increase accuracy and prevent other factors that could influence audit fees, this research adds control variables, namely company size and company complexity. The originality of this research is that it uses the latest year, 2018–2021, because different tests will be carried out to compare the conditions per independent variable and dependent variable before and during the COVID-19 pandemic.

## 2. Theory, Literature Review, and Hypothesis

## 2.1. Theoretical Framework

### 2.1.1. Agency Theory

The relationship between two parties, agent and principal, is explained in agency theory which was discovered and developed by Michael C. Jensen and William H. Meckling in 1976. The principal-agent relationship often creates problems of information asymmetry between the two parties. Information asymmetry means that the agent has more information regarding the true financial position than the principal. To prevent this from happening The principal requires audit services with the aim of preventing manipulation of financial reports by agents.

### 2.1.2. Balance Shifting Theory

Balance shifting theory is a theory of evolutionary adaptation discovered by Sewall Wright in 1932. Research by [2] argument states that the optimal situation for evolutionary progress is when a population becomes better at adapting to its environment. From an economic perspective, this theory can be demonstrated by the process of shifting balance and adapting the Indonesian economy when facing the Covid-19 pandemic.

### 2.1.3. Audit Fees

In fact, when the auditor has carried out his duties and obligations, the auditor will receive compensation for the services he provides to the entity. The service fee provided to the auditor is called an audit fee. Audit fees are determined by the contract between the auditor and auditee which depends on the length of time of the audit, the amount of labor required in the audit process, and what services are required by the auditee .

### 2.1.4. Company Profitability (X1)

According to [3] profitability is one of the performance assessment indicators that management has succeeded in allocating resources efficiently. The income or loss figures presented in the income statement can help external parties identify the company's profitability.

### 2.1.5. Company Risk (X2)

Company risk is a company's condition where a condition occurs that has the potential to reduce the company's performance to less than expected [4]. According to [5], before providing audit services to a company, auditors usually need to thoroughly consider the audit risks that will be tested. This is done with the aim of determining the scope of the audit and determining how much audit fee the auditor will receive.

### 2.1.6. Audit Report Lag (X3)

The distance between the end date of the fiscal year and the completion date of the auditor's report is called audit report lag. According to [6] Audit report lag can occur due to the high risk of financial reports so that a lot of time is needed in the audit process.

### 2.1.7. CEO Gender (X4)

The concept of gender can be interpreted as a form of character difference that is formed by social and cultural factors which result in assumptions regarding differences in roles between men and women [7]. The relationship between CEO gender, especially the representation of female directors in company leadership, is divided into two perspectives. These two perspectives are Supply side (supply side) and Demand side (demand side).

## 2.2. Hypothesis

### 2.2.1. Company Profitability Against Audit Fees

In the agency theory perspective, there is an assumption that company management tends to deliberately make good financial reports to shareholders or other stakeholders, namely by increasing the total net profit and total assets of the company. Therefore, external auditors need to prevent and justify so that the figures presented in the income statement are not fictitious. The greater the company's level of profitability, the more audit evidence is needed, as a result it takes longer for the auditor to carry out the audit and the amount of fees paid by the company becomes greater. The positive relationship between profitability and audit fees is supported by research [8] and [9] which shows that company profitability has a positive effect on audit fees. Based on the explanation above, the first hypothesis proposed is:

H1: Company profitability has a positive effect on audit fees

### 2.2.2. Company Risk Regarding Audit Fees

Company risk is generally caused by the number of liabilities in the company so that a pressure and obligation arises for the company to be able to repay the debt it borrows along with the interest charged [5]. According to agency theory, companies that have a high level of leverage need to disclose more information to meet the needs of creditors. External auditors are expected to be careful in expressing their opinions to avoid the risk of future litigation. This requires extra time and effort for auditors to complete the audit process, thereby increasing audit costs. In line with the statement above, several previous studies also found that company risk as proxied by leverage has a positive effect on audit fees [4] and [10]. From this statement, the second hypothesis in this research is:

H2: Company risk has a positive effect on audit fees

### 2.2.3. Audit Report Lag on Audit Fee

Delays that take more time can reflect problems and thus give a bad signal to shareholders. This problem is often the reason auditors take longer to complete their tasks. Problems encountered is related to issues of complexity and risks that lead companies to financial difficulties [11]. When a company faces financial difficulties, the auditor needs to obtain a greater amount of audit evidence, thereby increasing audit costs because the amount of audit work is greater [12]. The positive relationship between audit report lag and audit fees is supported by research conducted by [13], and [14]. From the statement above, the third hypothesis is formulated as follows:

H3: Audit Report Lag has a positive influence on audit fees

### 2.2.4. CEO Gender on Audit Fees

Directors have an important role in terms of communication with shareholders. From an agency theory perspective, directors are a control mechanism that is useful for aligning the interests of managers and shareholders, both in relation to financial and non-financial information [15]. Regarding the characteristics of directors, especially gender, women tend to be more effective in carrying out internal monitoring, prioritize the interests of shareholders, pay attention to ethics in business, and tend to avoid risks

[16]. The director's gender resulted in two outputs regarding its relationship with audit fees, namely from the supply side (offer) and the demand side (demand). Viewed from the supply side, the presence of women on the board of directors in companies increases the effectiveness of internal monitoring and the integrity of financial reports, thereby reducing audit risks which lead to low audit fees [17]. Meanwhile, seen from the demand side, the representation of women on company boards of directors increases the demand for monitoring and tends to choose auditors with high qualifications to avoid the risk of litigation in the future, and provide more guarantees to shareholders so that the audit fees paid are higher [18]. From the explanation above, the researcher decides on a hypothesis that does not lead either positively or negatively for empirical testing. The fourth hypothesis in this research is:

H4: CEO gender has an influence on audit fees

### **2.2.5. Differences in company profitability, company risk, audit report lag, CEO gender, and audit fees before and during the Covid-19 pandemic.**

For companies, this pandemic condition hampers the development of the company itself, and affects the company's ability to make a profit. The Covid-19 pandemic also poses a risk of financial difficulties for companies, and they tend to experience delays in preparing financial reports because they face new challenges that can affect the quality of their financial reports. In periods of crisis, companies rely heavily on the effectiveness of the board in providing direction and monitoring company management. According to [19] boards with gender diversity are more effective in internal monitoring of the company, so this is considered by the market as a signal of the company's ability to overcome the negative consequences of the Covid-19 pandemic. Based on balance shifting theory, differences in behavior when facing the Covid-19 pandemic crisis are a form of balance shifting to a new point. From the explanation above, the fifth hypothesis proposed is:

H5: There are differences in company profitability, company risk, audit report lag, CEO gender, and audit fees in conditions before and during the Covid-19 pandemic.

## **3. Research Methods**

This research uses a quantitative method in the form of causality. The data used is secondary data obtained using literature study and documentation. The population in

this study was 296 companies. The sampling technique was purposive sampling. The number of samples obtained was 70 companies. The analysis technique used is panel data analysis and mean difference tests, namely the Wilcoxon test and paired sample t-test.

TABLE 1: Research Sampling Criteria.

NO	Information	Amount
1	Non-financial sector companies classified on the main board index on the Indonesia Stock Exchange	296
2	Non-financial companies classified in the main board index on the IDX that have not been registered no later than 31 December 2017	(62)
3	Companies that do not report complete financial statements for 2018-2021	(22)
4	Companies that do not report financial statements in rupiah	(47)
5	Companies that do not include audit fees in their 2018-2021 annual reports	(88)
	Companies that meet the criteria	75
	Observation Sample (75x4)	300
	Outliers (5x4)	(20)
	Number of Observation Data After Outliers	280

### 3.1. Variable Measurement

## 4. Results and Discussion

### 4.1. Descriptive Statistical Analysis

In table 3 it is shown that the observation data in this study amounted to 280 data. The mean value obtained by the audit fee variable was 20.82 and the standard deviation value was 1.14. This shows that the data on this variable does not vary. In the company profitability variable which is proxied by (ROA), the standard deviation value is greater, namely 0.10. This shows that the data on the company profitability variable is heterogeneous or varied. The mean value of the corporate risk variable (RISK) obtained is 1.27 with a standard deviation value of 1.31. A higher standard deviation value indicates variations in the company's risk variable data. The third independent variable (X3) is audit report lag which is proxied by ARL. The mean value obtained for the audit report lag variable was 80.26 and the standard deviation value obtained was 27.24. The

TABLE 2: Variable Measurement Indicators.

Variable	Indicators/Variable Measurements	Scale
Audit Fee (Dependent Variable)	Logarithm of Natural Audit Fee which is symbolized by (LnAFEE)	Ratio
Company Profitability (Independent Variable)	$ROA = \frac{Laba\ bersih}{Total\ asset}$	Ratio
Company Risk (Independent Variable)	$DER = \frac{Total\ Utang\ Jangka\ Panjang}{Total\ Ekuitas}$	Ratio
Audit report lag (Independent Variable)	The time difference between the fiscal year closing date and the auditor's report date	Ratio
Gender CEO (Independent Variable)	Dummy Variables. Companies that have a female CEO are given a value of 1. Meanwhile, companies that do not have a female CEO are given a value of 0.	Nominal
Company Size (Control Variable)	The natural logarithm of a company's total assets.	Ratio
Corporate Complexity (Control Variable)	Number of subsidiaries owned	Ratio

TABLE 3: Descriptive Statistical Analysis.

	Ln AFEE	ROA	RISK	ARL	GEND	SIZE	COMP
Mean	20.82	0.05	1.27	80.26	0.06	29.53	5.54
Median	20.79	0.03	0.90	81.00	0.00	29.47	4.00
Maximum	23.64	0.86	9.83	205.00	1.00	32.45	20.00
Minimum	18.19	-0.25	0.02	22.00	0.00	26.39	0.00
Std. Dev.	1.14	0.10	1.31	27.24	0.23	1.42	4.65
Observations	280	280	280	280	280	280	280

Source: Processed data, 2023

standard deviation value is smaller than the mean value, indicating that the 2018-2021 audit report lag data is homogeneous.

The fourth independent variable (X4) is CEO gender which is measured by a dummy variable and symbolized by (GEND) showing the value The mean is 0.06 with a standard deviation value of 0.23 where the standard deviation value is greater than the mean value. This shows that the CEO gender variable data varies. The first control variable, namely company size, denoted by (SIZE), gets a mean value of 29.53 with a standard deviation of 1.42. This smaller standard deviation value shows that the natural logarithm data of the company's total assets is homogeneous. The second control variable is company complexity which is measured by the number of subsidiaries and denoted. The mean value obtained is 5.54 with a standard deviation of 4.65. A mean value that



is greater than the standard deviation value indicates that the data on this variable is not heterogeneous.

## 4.2. Panel Data Analysis

### 4.2.1. Test Chow

The purpose of carrying out the Chow test is to determine whether the model used is a common effect model or a fixed effect model [20].

TABLE 4: Chow Test Results.

Effects Test	Statistics	df	Prob.
Cross Section F	60.243159	(69,204)	0.0000
Chi-square cross-section	857.440014	69	0.0000

Source: Processed data, 2023.

Based on the chow test results table above, the resulting probability value is 0.00, which is smaller than the significance level of 0.05, so the hypothesis model used based on the chow test results is the fixed effect model.

### 4.2.2. Hausman test

The purpose of carrying out the Hausman test is to determine whether the most appropriate model to use is included in the fixed effect model or random effect model [20].

TABLE 5: Hausman Test Results.

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random Cross Section	17.622124	6	0.0072

Source: Processed data, 2023.

Based on the table of Hausman test results above, the probability value is 0.0072, which is smaller than the significance level of 0.05. This shows that the model chosen based on the results of the Hausman test is a fixed effect model .

### 4.2.3. Panel Data Regression Equation

Panel data regression analysis uses a fixed effect model (FEM) which is based on the results of the Chow test and Hausman test.

TABLE 6: Significance test results.

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	14.11901	2.813021	5.019162	0.0000
ROA	0.455373	0.240556	1.893004	0.0598
RISK	-0.014550	0.018487	-0.787040	0.4322
ARL	0.002039	0.000726	2.810109	0.0054
GEND	-0.027199	0.125410	-0.216879	0.8285
SIZE	0.230077	0.095204	2.416673	0.0165
COMP	-0.045928	0.017073	-2.690128	0.0077

Source: Processed data, 2023.

Sourced from table 6 above, the panel data regression equation in this research is:

$$\text{LnAFEE} = 14.119 + 0.455\text{ROA} - 0.014\text{RISK} + 0.002\text{ARL} - 0.027\text{GEND} + 0.230\text{SIZE} - 0.045\text{COMP} + \epsilon$$

Description:

LnAFEE : Audit Fee

ROA : Company Profitability

RISK : Company Risk

ARL : Audit Report Lag

GEND : Gender of CEO

SIZE : Company size

COMP : Company Complexity

### 4.3. Hypothesis test

#### 4.3.1. T test

Based on table 6 above, the explanation of the relationship between the independent variable and the dependent variable is partially explained as follows:

The probability value for the company profitability variable (X1) is 0.0598, which is greater than the significance level of 0.05. The test results show that the company profitability variable has no effect on audit fees, so H1 is not supported.

The probability value for the company risk variable (X2) is 0.432, which is greater than the significance level of 0.05. The test results show that the company risk variable has no effect on audit fees, so H2 is not supported.

The probability value for the audit report lag variable (X3) is 0.005, which is smaller than the significance level of 0.05. The test results show that the audit report lag variable has a positive effect on audit fees so that H3 is supported.

The probability value for the CEO gender variable (X4) is 0.828, which is greater than the significance level of 0.05. The results of this test show that the CEO gender variable has no effect on audit fees, so H4 is not supported.

The probability value of the company size variable is 0.016, which is smaller than the significance level of 0.05. The results of this test show that company size has a positive effect on audit fees.

The probability value of the company complexity variable is 0.007, which is smaller than the significance level of 0.05. The results of this test show that company complexity has a negative effect on audit fees.

F test

The F test is a test that aims to test the feasibility of the regression model as a whole and find out how significantly the independent variable can influence the dependent variable [20].

TABLE 7: F Test Results.

F-Statistics	111.3606
Prob (F-Statistic)	0.000000

Source: Processed data, 2023.

Based on table 4.10 above, the F-Statistic value is 111.36 and the probability value obtained is 0.00. The probability value is smaller than 0.05, it is concluded that the regression model used is the best model and is suitable for use in this research.

4.3.2. Test  $R^2$

The coefficient of determination is an overview that states how well the sample regression line fits the data . Coefficient of determination test results  $R^2$  can be seen in table 8 below :

TABLE 8: Coefficient of Determination Test Results  $R^2$ .

Adjusted R-squared	0.188885
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Source: Processed data, 2023

Based on the table of coefficient of determination test results above, it shows an adjusted R-squared lift of 0.188 or a percentage of 18.8%. This indicates that the

independent variable in this research is able to influence the dependent variable, namely the audit fee of 18.8% and the remaining 81.2% is influenced by other variables not examined in this research.

#### 4.4. Average Difference Test

##### 4.4.1. Paired Sample T (Y) Test

Variables that use the paired sample t-test are variables with normally distributed data. The test results can be seen in table 9 below :

Method	df	Value	Probability
t-test	278	-0.585885	0.5584
Satterthwaite-Welch t-test*	277.8574	-0.585885	0.5584
Anova F-test	(1, 278)	0.343261	0.5584
Welch F-test*	(1, 277.857)	0.343261	0.5584

**Figure 1:** Paired Sample T Audit Fee Test Results. *Source: Processed data, 2023.*

Based on the results of the paired sample t-test above, the probability value in the t-test is 0.55. This value is greater than the significance level, namely 0.05 . Based on the test results, it was concluded that there was no significant difference in audit fees between conditions before and during the Covid-19 pandemic.

##### 4.4.2. Wilcoxon Test

The Wilcoxon test is another alternative for the difference test if the variable data is not normally distributed. The Wilcoxon test are tested for all the variables. The Wilcoxon test results are below :

Wilcoxon Test Results for Company Profitability has a probability value of 0.0023. This value is smaller than the significance level of 0.05, so it can be concluded that there is a significant difference in the company profitability variable before and during the Covid -19 pandemic.

Furthermore, Wilcoxon Test Results for Company Risk has the probability value of the Wilcoxon test is 0.46 that is greater than the significance level of 0.05, so it can be concluded that there is no significant difference in company risk in conditions before and during the Covid-19 pandemic.

Moreover, Wilcoxon Audit Report Lag Test Results shows a Wilcoxon/Mann-Whitney probability value is 0.00 that is smaller than the significance level of 0.05, so it can be concluded that there is a difference in the length of time before the Covid-19 pandemic and during the Covid-19 pandemic.

Finally, CEO Gender Wilcoxon Test Results shows a Wilcoxon/Mann-Whitney probability value of 0.91 that is greater than the significance level of 0.05, so the conclusion obtained from the results of this test is that there was no change in the gender composition of CEOs before and during the Covid-19 pandemic.

## 4.5. Discussion

### 4.5.1. The Influence of Company Profitability on Audit Fees

Based on the t test, the results show that company profitability has no effect on audit fees. Statistically, company profitability has a positive influence on audit fees, but at a significant level, profitability has no influence on audit fees. These results are in line with research conducted by [21] and [12] who both obtained the same results and examined the same object, namely non-financial sector companies. These results are not able to support agency theory. According to agency theory, companies with a high level of profitability need to carry out more audit efforts because company management has the potential to manipulate the profits obtained by the company. Due to more audit efforts, the audit fees charged by the company will be greater. The results in this study are not in line with this statement. According to [22] a company with a high level of profitability indicates that the company has good financial performance, thus the financial risk it faces is lower. Based on research data, there are companies with the highest level of profitability but paying lower audit fees.

### 4.5.2. The Influence of Company Risk on Audit Fees

Based on the partial coefficient of determination test, company risk has no effect on audit fees. The results of this test are consistent with research conducted by [23] and [4] which obtained results that there was no influence between company risk and audit fees. Company risk is closely related to debt, according to agency theory if a company has a high level of leverage it will have an impact on disclosures to external parties and auditors need to be more careful in providing their opinions to avoid the risk of litigation in the future. The results of this research cannot support agency theory, because when

the auditor finds risks, whether high or low risks, this does not affect the auditor's efforts to carry out his duties. Apart from that, according to [23] if the company has a good corporate governance system, it will minimize risk assessments by auditors which will lead to no increase in audit fees.

#### **4.5.3. The Effect of Audit Report Lag on Audit Fees**

The results of hypothesis testing, the t test, obtained a positive effect between audit report lag and audit fees. These results are consistent with research conducted by [14] which also found a positive relationship with audit fees. The results of this test support agency theory. According to agency theory, the longer the financial reports are presented, the more the company gives a signal to shareholders that there are internal problems, so that a longer audit time is needed. The results of this test are in line with the statement above, that the longer the audit report lag, it indicates that a longer audit time is needed, which leads to greater audit fees charged to the company. The high audit fees paid are also because auditors tend to be very busy during the "lag" period so they require more energy and time.

#### **4.5.4. The Influence of CEO Gender on Audit Fees**

Based on hypothesis testing, the results obtained show that CEO gender has no effect on audit fees. The results of this test are consistent with research conducted by (Wea, 2019) which found that there was no influence between CEO gender and audit fees. According to agency theory, the CEO's role is as a control mechanism that can be useful for aligning the interests of managers and shareholders, both in relation to financial and non-financial information [15], but research results cannot support this theory. The test results did not show a significant influence between CEO gender and audit fees for several reasons.

#### **4.5.5. Differences in Company Profitability, Company Risk, Audit Report Lag, CEO Gender, and Audit Fees Before and During the Covid-19 Pandemic**

The tests carried out to determine the differences in each variable in conditions before and during the Covid-19 pandemic were based on the balance shifting theory put forward by Sewall Wright in 1932. Universally, this theory is used to explain what

significant changes occur in a population due to from the Covid-19 pandemic. Based on the mean difference test using the paired sample t-test and the Wilcoxon signed rank test, the results of the difference test are explained as follows:

## 5. Company Profitability

Based on the paired sample t-test, the probability value obtained was 0.0023, smaller than the significance level of 0.05, so it was concluded that there was a significant difference in company profitability before and during the Covid-19 pandemic. The results of this research support the balance shifting theory where there was a change in the level of profitability during the Covid-19 pandemic which was caused by a decrease in the company's ability to gain profits due to risks that were still considered new as well as local regulations such as the implementation of social distancing and work from home rules which caused company performance to decline. The results of this test are supported by findings (Niu & Wokas, 2021) which obtained differences in ROA levels before the pandemic and after the pandemic in state-owned bank companies. This was caused by the economic slowdown due to the Covid-19 pandemic, resulting in reduced company revenues and disrupted company operations.

## 6. Company Risk

Based on the results of the Wilcoxon signed rank test, there was no difference in company risk before and during the pandemic. The resulting probability value is 0.46. This result is greater than the significance level of 0.05, therefore it is concluded that there is no significant change in the balance point or balance shifting in the company risk variable. Company risk is measured using the leverage ratio, which is the company's ability to manage assets by using debt to realize them.

During the Covid-19 pandemic, many companies experienced financial difficulties, but based on this research data, there were several companies that had high levels of leverage before the Covid-19 pandemic occurred. Apart from that, based on research data, there was an increase in total debt during the Covid-19 pandemic period, but this increase in debt was also accompanied by an increase in total equity, so that the emergence of the Covid-19 pandemic did not really affect the company's ability to pay the total debt with the total equity owned. The results of this research are supported by research [24] which also found that there were no differences in pre- and post-Covid-19 pandemic leverage in manufacturing companies.

## 7. Audit Report Lag

Timely presentation of financial reports is an important factor for companies. Financial reports that are not presented on time will reduce the useful value of the financial reports [25]. Based on the results of the Wilcoxon test, the probability value obtained was 0.00, which is smaller than the significance level of 0.05, so it was stated that there was a significant difference in the length of the audit report lag during the pandemic. Many companies had their operations hampered as a result of the PSBB and the implementation of work from home to reduce the spread of the virus.

In connection with the Covid-19 pandemic, auditors tend to be required to carry out audits remotely. This puts new pressure on auditors because it is necessary to carry out audit procedures remotely and it is difficult to carry out physical checks considering limited mobility. So, the audit process take longer during the pandemic. The results of this test are supported by research [26] which found that the Covid-19 pandemic had an impact on longer audit reporting. The results of this test also support the balance shifting theory, where there is a shift from the initial balance point to a new balance point.

## 8. CEO Gender

Based on the Wilcoxon test results, no differences were found in CEO gender before the pandemic and after the pandemic. The probability value is 0.91, where this figure is greater than the significance level of 0.05, so there is no significant difference. This can be explained through research data, where there are still very few women on the board of directors, so that many companies during the four year observation period were led by male CEOs. The absence of differences in the CEO gender variable could also be caused by the length of the CEO's tenure. According to [27] the longer the CEO's term of office, the better the company's performance can be achieved, this is because the CEO's understanding of the company's business processes is getting better, so that the supervision carried out by the CEO is more effective and on target. Regarding CEO gender, according to [28] gender is not a benchmark for a company to achieve good performance, so the selection of the company's main director focuses more on the abilities and experience they have. These findings show that there is no significant balance shifting due to the position of women as main directors who are still a minority in the company.



## 9. Audit Fees

Changing economic conditions create new challenges for auditors and client companies that can affect the company's financial performance. According to [29] this condition causes auditors to need to carry out remote audits, causing auditors to have to adopt or develop new approaches to obtain sufficient and appropriate audit evidence to carry out appropriate assessments and express opinions. The remote audit system itself uses technology such as online interviews, or direct online access to the company's financial and operational systems, so that it has an impact on increasing KAP infrastructure costs which can increase audit fees during the pandemic [30]. This apparently contradicts the results of the paired sample t-test in this study.

Based on the paired sample t-test, there was no difference in audit fees before and during the Covid-19 pandemic. The test results show a probability value of 0.55, where this figure exceeds the significance level of 0.05. This can be caused by lowballing audit fees. According to [31] during the economic crisis, companies tend to negotiate with auditors regarding audit fees. The lack of differences in pre- and post-pandemic audit fees could be because companies tend to experience a decline in profitability, so they negotiate with auditors to get lower audit fees.

## 10. Finding and Conclusion

Based on the data processing and analysis that has been carried out in this research, the following are the conclusions from the results of this research:

1. Company profitability does not have a significant effect on audit fees
2. Company risk does not have a significant effect on audit fees.
3. Audit report lag has a positive effect on audit fees.
4. CEO gender does not have a significant effect on audit fees.
5. There are significant differences in profitability and audit report lag before and during the Covid-19 pandemic.
6. There were no differences in audit fees, company risk and CEO gender before and during the Covid-19 pandemic.

## 11. Implications, Limitations, and Suggestions

### 11.1. Limitation

Based on the research that has been carried out, several limitations were found in the research which can be described as follows:

1. (a) This research is limited to the population that is non-financial sector companies classified in the main board index, so it cannot generally describe the research objects used.
- (b) The use of indicators for measuring profitability and company risk variables is limited to ROA and DER and produces insignificant results.
- (c) The measured CEO gender variable is limited to the gender of the main director, so it does not project the influence of gender diversity on the company.

### 11.2. Suggestion

Based on the research limitations described above, the researchers' suggestions for further studies are:

1. (a) Future research could examine companies classified outside the main board index in the non-financial sector. This can provide a more comprehensive picture, so that the results obtained are more universal.
- (b) It can use other indicators to measure company profitability and company risk for the next future research, such as return on equity and debt to asset ratio to get different results.
- (c) Finally, it can use audit committee gender or board of directors gender variables to obtain pure results of the influence of gender diversity on audit fees.

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