

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

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ABSTRACT: This study aims to examine the influence of audit tenure, company size, and audit delay on audit fees, with audit opinion serving as a moderating variable viewed through the lens of agency theory. The research employs a quantitative approach using panel data from manufacturing companies listed on the Indonesia Stock Exchange over a five-year period. The findings indicate that longer audit tenure and larger company size tend to increase audit fees, while audit delay does not have a significant impact. The analysis further reveals that audit opinion strengthens the relationship between audit tenure and audit fees, but does not alter the effect of company size or audit delay. These results suggest that extended auditor-client relationships and the scale of business operations contribute to higher audit complexity and consequently greater audit costs. The study provides theoretical implications by deepening the understanding of factors influencing audit fee determination and practical insights for auditors, corporate management, and regulators in promoting fairness, transparency, and high-quality audit practices within the corporate governance framework.

KEYWORDS- Audit Fee, Tenure Audit, Company Size, Audit delay, Audit Opinion

I. INTRODUCTION

In an increasingly complex and competitive business environment, audit fees have become more than just compensation paid by companies to external auditors; they represent a signal of audit quality, the strength of auditor–client relationships, and the degree of transparency in financial reporting. Financial statements serve as a vital communication tool for attracting investors, necessitating the role of independent auditors to ensure neutrality and objectivity (Kosasih & Arfianti, 2020). The determination of audit fees thus plays a crucial role in maintaining auditor independence and ensuring the fairness of financial statements, ultimately influencing investor confidence and corporate reputation (Yustari et al., 2021). Excessively low audit fees may reduce audit quality due to limited audit effort, while excessively high fees may raise concerns about auditor efficiency and independence (Regina Putri Heryana & Harry Z. Soeratin, 2025). Therefore, audit fees are not merely a technical issue of pricing, but also an indicator of corporate accountability, integrity, and governance quality (Aron & Rini, 2020).

In Indonesia, the phenomenon of audit fee variation remains significant, particularly among manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2017–2021 period. Larger firms generally pay higher audit fees due to their complex operations and wider audit scope, while smaller firms tend to incur lower costs. Additionally, auditor tenure may influence audit fees in two opposite ways: longer auditor–client relationships can reduce costs due to increased auditor familiarity, yet they may also increase fees due to independence concerns and heightened regulatory security (Sinaga & Rachmawati, 2018). Likewise, audit delay — which reflects the timeliness of audit completion — is associated with increased auditor workload and, consequently, higher fees (Effendi, 2020). Moreover, audit opinions serve as an important moderating factor; companies receiving qualified or adverse opinions are perceived as riskier, prompting auditors to demand higher compensation to offset additional risk exposure (Marcelia & Bawono, 2024).

Despite extensive research, prior studies examining the determinants of audit fees — particularly audit tenure, company size, audit delay, and audit opinion — show mixed and inconclusive results. Some studies report significant relationships, while others find weak or insignificant effects. This inconsistency may arise due to contextual differences such as variations in industry characteristics, governance structures, and regulatory environments across countries. Theoretically, the determination of audit

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

fees can be explained using Agency Theory and Signaling Theory. From the agency perspective, audit fees represent monitoring costs incurred to reduce information asymmetry between managers and stakeholders. Meanwhile, signaling theory suggests that audit fees can serve as a signal of audit quality and firm credibility to external parties.

However, in the context of developing countries such as Indonesia, where governance mechanisms and enforcement levels differ from those in developed economies, empirical evidence remains limited and fragmented. This research gap highlights the need for further empirical testing to deepen understanding of the factors influencing audit fees within Indonesia's manufacturing sector.

Therefore, this study aims to empirically analyze the effects of audit tenure, company size, and audit delay on audit fees, with audit opinion as a moderating variable. The novelty of this study lies in its comprehensive integration of audit-related variables within the Indonesian context post-regulatory reforms, offering updated empirical evidence and theoretical reinforcement to existing literature. The findings are expected to contribute both theoretically and practically by strengthening the understanding of audit fee determinants, supporting transparent fee-setting mechanisms, and enhancing accountability among auditors, companies, and regulatory bodies.

II. LITERATURE REVIEW AND DEVELOPMENT HYPHOTHESES

A. Agency Theory

According to agency theory proposed by Eisenhardt (1989), the relationship between principals and agents tends to create conflicts of interest due to information asymmetry, where managers who possess more information about the company's internal conditions may act opportunistically and not in line with the owners' objectives. Therefore, a control mechanism is required to mitigate this risk (Suheny, 2019). External auditors act as independent parties who provide assurance on the fairness of financial statements, so that they can suppress agency conflicts. However, this role incurs costs that are reflected in audit fees. Audit fees are not only seen as compensation for professional services, but also as a reflection of the level of risk, complexity, and intensity of supervision required in the audit process. In this context, external auditors function as independent monitoring agents who provide assurance on the fairness of financial statements, thereby reducing agency conflicts and improving the reliability of disclosed information. However, these monitoring activities incur costs—audit fees—which represent the compensation for the auditor's effort, expertise, and responsibility in assessing financial statement quality (Ariyanto & Idawati, 2023).

Financial statements serve as a vital communication medium for companies to convey information to external stakeholders. In accordance with the Indonesian Financial Accounting Standards (SAK), financial statements must meet the principles of relevance, reliability, comparability, and understandability. Within the agency framework, principals rely on financial statements to evaluate managerial performance, while managers tend to present results that favorably reflect their management ability (Chenkiani & Prasetyo, 2023). This behavioral tendency generates the need for independent audits to ensure neutrality and credibility of financial reporting.

Furthermore, as the size and complexity of a firm increase, auditors are required to perform more extensive verification and analytical procedures, which directly raise the audit effort and corresponding audit fees (Sibuea & Arfianti, 2021).). Similarly, delays in financial statement presentation (audit delay) elevate audit risk and workload, prompting auditors to allocate additional resources, thereby influencing the final fee structure (Triyaningtyas & Sudarno, 2019). Consequently, audit fees are not merely a reflection of service charges, but a manifestation of risk assessment, audit complexity, and monitoring intensity undertaken during the assurance process.

In complement to the agency perspective, signaling theory (Spence, 1973) provides another lens to explain the relevance of audit fees. According to this theory, companies use various signals—such as the choice of audit firm, audit quality, and even the level of audit fees—to convey credibility and reliability to external stakeholders. High audit fees can be perceived as a positive signal that the company values transparency and engages reputable auditors to enhance stakeholder trust (Rahman & Darmansyah, 2022). Conversely, abnormally low fees might raise concerns about compromised audit quality or potential independence issues (Rahayu et al., 2021). Hence, within the context of developing economies such as Indonesia, where corporate governance and market supervision are still evolving, the relationship between audit fees, audit quality, and signaling credibility becomes even more significant (Wulandari & Nurdin, 2024). Taken together, agency theory highlights audit fees as a cost of monitoring and control, while signaling theory interprets them as a market communication tool that reflects a firm's commitment to financial transparency. These theoretical perspectives jointly underpin the present study's framework in examining how audit tenure, company size, and audit delay influence audit fees, with audit opinion acting as a moderating variable in the Indonesian manufacturing sector.

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

B. Audit Tenure, Audit Fees and audit opinion

Audit tenure refers to the duration of the engagement relationship between the auditor and the client. Within the framework of agency theory, a prolonged audit engagement can lead to two contrasting outcomes. On the one hand, a longer tenure allows auditors to gain a deeper understanding of the client's operations and internal controls, thereby improving audit efficiency and reducing overall audit costs (Agastya & Ardelia, 2024). On the other hand, an extended audit relationship may impair auditor independence and increase the likelihood of collusion with management, which can elevate the auditor's perceived risk and result in higher audit fees (Muhidin & Desy Arigawati, 2023).

Previous studies have produced inconsistent empirical evidence. Some found a negative association between audit tenure and audit fees, suggesting cost efficiency due to accumulated client knowledge. Others found a positive relationship, indicating that long-term relationships heighten independence risk and litigation exposure, which compel auditors to charge higher fees (Salfa Falisah et al., 2025). These mixed findings indicate a research gap concerning the contingent factors influencing the tenure–fee relationship.

To address this gap, this study introduces audit opinion as a moderating variable. When auditors issue opinions other than an unqualified (clean) opinion, the associated litigation and reputational risks increase, prompting auditors to raise audit fees as a risk mitigation measure. Conversely, when the audit opinion is unqualified, the auditor's perceived risk diminishes, potentially weakening the positive effect of audit tenure on audit fees.

Based on this conceptual reasoning and prior empirical findings, the hypothesis proposed is as follows:

H1 = Audit tenure has a significant effect on audit fees, and this relationship is moderated by audit opinion.

C. Company Size, Audit Fees, and audit opinion

Company size is commonly used as a proxy for the scale and complexity of business operations, often measured by total assets or market capitalization. According to agency theory (Jensen & Meckling, 1976), larger companies tend to experience higher levels of agency conflict due to dispersed ownership structures and complex organizational activities. These conditions necessitate more comprehensive audit procedures, longer audit hours, and a greater allocation of audit resources, leading to higher audit fees.

Empirical evidence consistently supports this theoretical view. Recent studies indicate that firm size significantly influences audit pricing because larger firms present more extensive operational scopes and audit risks. (Ariyanto & Idawati, 2023) found that company size has a positive and significant effect on audit fees among manufacturing companies in Indonesia. Similarly, (Widyawati, 2019) demonstrated that large firms tend to pay higher audit fees due to the complexity of their financial reporting processes.

Furthermore, (Carolina, 2022)) emphasized that audit opinions can moderate the relationship between firm size and audit fees. When large companies receive audit opinions other than unqualified opinions, auditors perceive higher engagement risks, leading to increased audit effort and higher fees. Conversely, when financial statements receive unqualified opinions, audit risk decreases, and the impact of company size on audit fees tends to be lower.

Based on the theoretical framework of agency theory and supported by empirical findings, it can be concluded that the larger the company, the higher the audit fees charged, as auditors must exert greater effort to ensure reliability and compliance in complex reporting environments. Based on this description, the hypothesis proposed is:

H2 = company size has a significant effect on audit fees, and this relationship is moderated by audit opinion

D. Audit Delay, Audit Fees, and audit opinion

Audit delay refers to the length of time between the end of the financial statement period and the issuance date of the auditor's report. Within the perspective of agency theory, audit delay can reflect potential issues in financial reporting, weaknesses in internal control systems, or opportunistic managerial behavior that increase audit risk (Ruslaini et al., 2022). The higher the audit risk, the more time, effort, and resources auditors need to allocate to complete the audit engagement, which may consequently lead to higher audit fees (Tasya & Kuntadi, 2024).

However, several empirical studies have reported contrasting findings. For instance, Alkhatib and Marji (2012) found that audit delays are not always directly associated with audit fees, as such delays can also stem from internal company factors such as managerial inefficiency or data preparation issues. Despite these inconsistencies, most empirical evidence still supports a positive relationship between audit delay and audit fees, suggesting that longer audit completion times tend to result in higher audit compensation.

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

Furthermore, company size, which is commonly measured by total assets, reflects the scale and complexity of a firm's operations. According to prior studies, larger companies tend to pay higher audit fees due to the increased scope and complexity of their financial statements (Widyawati, 2019). From an agency theory perspective, larger firms also present greater potential for information asymmetry, thereby requiring more extensive audit procedures.

Audit opinion may also moderate this relationship. When a large firm receives an audit opinion other than "unqualified," auditors face a higher level of audit risk, leading to more intensive audit work and, consequently, higher audit fees. Conversely, if an unqualified opinion is issued, the risk level is lower, and the impact of company size on audit fees becomes relatively smaller (Carolina, 2022).

Thus, based on theoretical reasoning and empirical findings, the following hypothesis is proposed:

H3 = Audit Delay has a significant effect on audit fees, and this relationship is moderated by audit opinion

III. METHODOLOGY

This study uses a quantitative approach, which includes theory, research design, hypothesis, data collection, data processing, and analysis before drawing conclusions (Ahyar et al., 2020). Quantitative research systematically examines the phenomena and relationships between variables. The research population consists of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2017–2021 period. The sample was taken using purposive sampling techniques, with the criteria of companies that have complete and audited financial statements, consistently generate profits, and secondary data collected from company reports available on the official IDX website and company website.

Table 1 Variable Operations

Variables	Operational Definition	Formula	Scale
<i>Audit Fee (Y)</i>	The total amount of fees paid by the client company to the external auditor for audit services performed during one fiscal year. (Lubna Ibtisama et al., 2024).	<i>AF</i> = Audit fees disclosed in the annual report	Nominal
<i>Audit Tenure (X1)</i>	The length of the auditor's engagement with the client, measured by the number of consecutive years the same Public Accounting Firm (KAP) has audited the company (Lubna Ibtisama et al., 2024).	<i>AT</i> = The number of consecutive years audited by the same Public Accounting Firm (KAP).	Nominal
<i>Size Firm (X2)</i>	The size of the company is measured using the natural logarithm of total assets, which reflects the scale of the company's operations. (Dewi & Abudanti, 2019)	<i>Size</i> = $\ln(\text{Total Asset})$	Nominal
<i>Audit Delay (X3)</i>	The time span between the date of the financial statements and the date of the audit report, measured in days. (Putri & Hermanto, 2024).	<i>AD</i> = Audit Report Date – Financial Statement Dat	Nominal
<i>Audit Opinion (Z)</i>	Auditor's professional statement regarding the fairness of the financial statements. A dummy variable with a value of 1 for a modified audit opinion and 0 for a non-modified audit opinion. (Regalia, 2018).	<i>AO</i> = If modification Opinion 1, if Non modification Opinion 0	Dummy

Data analysis was carried out using panel data regression with the help of EVIEWS 9.0. Descriptive statistics are used to provide an overview of the data. The regression models used include Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), with model selection through Chow, Hausman, and Lagrange Multiplier tests.

Tests of classical assumptions such as multicollinearity and heteroscedasticity are performed when necessary. Moderation regression analysis (MRA) was used to assess the influence of Audit Opinion as a moderator variable on the relationship between Audit Tenure, Company Size, Audit Delay, and Audit Fee. Overall, the methodology used provides a systematic and

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

comprehensive analytical framework, so that the results of the study can provide strong empirical evidence regarding the factors that affect Audit Fees in manufacturing companies listed on the IDX.

Model 1:

$$AF_{it} = \beta_{0it} + \beta_1 AT_{1it} + \beta_2 SIZE_{2it} + \beta_3 AD_{3it} + \epsilon_{it}$$

Meaning:

AFit : Variabel Dependen (Audit Fee)

α : Constant

$\beta_1, 2, 3, 4$: Independent variable regression coefficient

AT : Audit Tenure

SIZE : Ukuran Perusahaan

AD : Audit Tenure

i : Company

t : Time

ϵ : error

To explain the structure of the regression model, the study defines Audit Fee as the dependent variable, while Audit Tenure, Firm Size, and Audit Delay serve as the independent variables, with the model incorporating company and time dimensions as well as an error term to capture unexplained variations.

Model 2:

$$AF_{it} = \alpha + \beta_1 AT_{it} + \beta_2 SIZE_{it} + \beta_3 AD_{it} + \beta_4 AT_{it} * OA_{it} + \beta_5 SIZE_{it} * OA_{it} + \beta_6 AD_{it} * OA_{it} + \epsilon_{it}$$

Meaning:

AFit : Audit Fee

α : Constant

$\beta_1, 2, 3, 4$: Independent variable regression coefficient

AT : Audit Tenure

SIZE : Firm Size

AD : Audit Delay

OA : Audit Opinion

AT*OA : Audit Tenure moderates Audit Opinion

SIZE*OA : Firm Size moderates Audit Opinion

AD*OA : Audit Delay moderates Audit Opinion

i : Company

t : Time

ϵ : error

IV. RESULTS

A. Descriptive Analysis

To understand the characteristics of the data before conducting a comprehensive hypothesis test regarding the influence of Audit Tenure, Company Size, and Audit Delay on Audit Fees with Audit Opinion as a moderation variable, this study first presents a descriptive review of the variables studied. Descriptive statistical analysis is used to comprehensively describe data through tables, graphs, diagrams, as well as calculations of minimum, maximum, average, and standard deviation values. Based on the results of data processing using Eviews 9.0, the descriptive statistical summary of the research variables is shown as follows:

Table 2. Descriptive Analysis

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Obs
Audit Fee	10.46838	10.53500	11.46000	9.240000	0.576716	-0.286974	2.189977	80
Audit Tenure	0.437500	0.000000	1.000000	0.000000	0.499208	0.251976	1.063492	80
Firm Size	10.39938	10.46000	11.43000	9.410000	0.560168	0.026239	1.879579	80

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

Audit Delay	10.68800	10.69000	10.70000	10.67000	0.011735	-0.363173	1.628028	80
Audit Opinion	0.587500	1.000000	1.000000	0.000000	0.495390	-0.355486	1.126370	80

Source: Processed data from Eviews, 2025

Based on the results of descriptive statistical testing, the Fee Audit (FA) has an average of 10.46838 and a median of 10.53500, with a maximum value of 11.46000 and a minimum of 9.24000 and a standard deviation of 0.576716. This value reflects the variation in the level of audit fees between companies in the sample. Audit Tenure (AT) shows an average of 0.437500 and a median of 0.000000, with a maximum value of 1.000000, a minimum of 0.000000, and a standard deviation of 0.499208, reflecting that some companies maintain a long-term relationship with auditors while others do not. The Company Size (SIZE) had an average of 10.399838, a median of 10.46000, a maximum of 11.43000, a minimum of 9.410000, and a standard deviation of 0.560168, reflecting the variation in company size in the study sample. The Audit Delay (AD) showed an average of 10.68800, a median of 10.69000, a maximum of 10.70000, a minimum of 10.67000, and a standard deviation of 0.011735, reflecting that the audit completion time was relatively uniform among the companies analyzed.

B. Panel Data Model Selection

Table 3 Model Selection

Model Test	Prob > F	(Prob>F)/(Prob>Chibar2)/(Pr ob>Chi2)	Description
Chow Test	0,00017	0,0002	FE
Hausman test	0,000000	0,4608	RE
Lagrange Multiplier Test	0,002052	0,0000	RE

Source: Eviews Processed Data, 2025

Based on the model test results, the Chow test yields a probability value of 0.0000, thus rejecting the Cross-Sectional Error Model (CE) and making the Fixed Effect Model (FE) more suitable than CE. Furthermore, the Hausman test yields a probability value of 0.7651, indicating that the Random Effect Model (REM) is more appropriate than FE. In addition, the Lagrange Multiplier (LM) test yields a probability value of 0.0000, which again supports the selection of RE over CE. Thus, from the three tests conducted, it can be concluded that the best model used in this study is the Random Effect Model (RE) to estimate the influence of independent and moderating variables on sustainability reporting.

Table 4. Results of Moderation Statistical Test. (Source: Processed data, 2023)

Independent Variable	t- Statistic / Prob	Moderation Variable	t- Statistics / Prob	Independent * Moderation	t- Statistics / Prob	Information
(AT --> AF)	0.686384 / 0.0000	(AF --> OA)	4.312680 / 0.9425	(AT*OA)	0.681849 / 0.0000	Significant Moderation
(SIZE --> AF)	-0.024142 / 0.0054			(SIZE * OA)	0.204014 / 0.1866	Homologizer
(AD --> AF)	- 0.693509 / 0.8429			(AD * OA)	0.662048 / 0.9059	Non-moderator

Referring to Table 4, the results reveal that the audit opinion exhibits varying moderating roles across the relationships between the independent variables and audit fee. In the context of audit tenure, the audit opinion acts as a pure moderator, significantly strengthening the relationship between auditor engagement duration and audit fee. Conversely, in the case of firm size, the audit opinion functions as a homologizer, indicating that its presence neither enhances nor reduces the relationship, as the influence of firm size on audit fee remains dominant. Meanwhile, the interaction between audit delay and audit opinion shows no statistical significance, suggesting that the audit opinion does not moderate this relationship. Collectively, these findings emphasize that while the audit opinion can reinforce certain audit-related dynamics, its moderating effect is not uniformly significant across all determinants of audit fee.

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

Table 5. Summary of Research Results.

Hypothesis	Panel Data Regression Model Test	Moderation Analysis Regression Model Test	Interpretation of Moderation Analysis	Conclusion
AT → AF	0.686384 (0.0000)			Accepted
SIZE → AF	-0.024142 (0.0054)			Accepted
AD → AF	-0.693509 (0.8429)			Rejected
AT*AF → OA		0.681849 (0.0000)	<i>Homologizer Moderator</i>	Accepted
SIZE*AF → OA		0.204014 (0.1866)	<i>Quasi Moderator</i>	Rejected
AD*AF → OA		0.662048 (0.9059)	<i>Predictor Moderator</i>	Rejected
<i>Adjusted R-squared</i>			0.475837	
<i>F- statistic</i>			22.99764	
<i>Prob (F- statistic)</i>			0.0000000	

(Source: Processed data, 2024)

Model 1

$$AF_{it} = 17.72896 + 0.686384AT_{1it} - 0.024142SIZE_{2it} - 0.693509AD_{3it} + \varepsilon_{it}$$

Based on the analysis presented in Table 4, the results reveal that audit tenure (AT) has a positive and significant effect on audit fee (FA), with a t-statistic of 7.689449 and a p-value of 0.0000. This indicates that a longer auditor–client relationship tends to increase audit fees due to higher audit effort and perceived independence risks (Simanjuntak & Wulandari, 2020; Suryani, 2022). Conversely, firm size (SIZE) shows a negative and significant effect on audit fee ($t = -2.898379$, $p = 0.0054$). Larger firms generally exhibit stronger internal controls and more efficient audit processes, resulting in relatively lower audit fees (Natsir & Mulyani, 2021; Kurnia & Nurkholis, 2020). Meanwhile, audit delay (AD) has a negative but insignificant influence on audit fee ($t = -0.198808$, $p = 0.8429$), implying that audit timeliness does not significantly affect audit pricing (Pratama & Setiawan, 2022). Overall, audit tenure emerges as the most dominant factor influencing audit fee determination in the observed firms.

Model 2

$$AF_{it} = 10.68732 + 0.881849(AT_{it} * OA_{it}) + 0.200414(SIZE_{it} * OA_{it}) - 0.682048(AD_{it} * OA_{it}) + 4.312880(OA_{it}) + \varepsilon_{it}$$

Referring to Table 5, the results indicate that audit opinion (OA) acts as a predictor moderator in the relationship between audit tenure (AT) and audit fee (FA). This finding is supported by a significant t-value of 4.830893 and a p-value of 0.0000, which falls well below the 0.05 significance level. These results demonstrate that the interaction between audit tenure and audit opinion has a meaningful impact on audit fees, suggesting that variations in audit opinion can strengthen the influence of audit tenure on the level of audit fees charged to clients. Meanwhile, the moderating interactions between firm size and audit opinion (SIZEOA) as well as between audit delay and audit opinion (ADOA) show no significant effects, as reflected in p-values of 0.1860 and 0.9059, respectively. This indicates that the moderating influence of audit opinion is not consistent across all independent variables, but only significant in the relationship between audit tenure and audit fee. Overall, these findings imply that audit opinion serves as a partial moderator, primarily affecting how audit tenure influences audit fee determination. This aligns with agency theory, which posits that changes in audit opinion can alter perceived audit risk, thereby influencing the level of compensation demanded by auditors.

The Effect of Tenure Audit (X1) on Audit Fees

The results of the analysis in Table 1 show that Tenure Audit has a positive and significant effect on Audit Fees, as shown by a t-statistical value of 0.686384 with a probability of 0.0000 below the significance level of 0.05. Based on agency theory, this relationship can be explained by the increase in agency costs that owners must bear to ensure that auditors remain independent and able to maintain the quality of supervision during a long period of service. Auditors with longer tenures have a deep understanding of the client's systems, risks, and business characteristics, but also face the risk of a decline in independence due to long-term relationships with management. To compensate for these potential risks, auditors typically improve audit procedures and expand the scope of audits, which require more time, effort, and cost resulting in an increase in audit fees. The theory is in line with the view of agency theory, which states that company owners are willing to pay higher audit fees to ensure that auditors perform their functions independently and objectively in supervising management actions (Jensen & Meckling, 1976). Thus, the auditor's long tenure not only increases the effectiveness of supervision, but also strengthens the owner's confidence in the quality of the resulting audits. These findings are consistent with previous research

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

that showed a positive relationship between tenure audits and audit costs as auditors' experience increases the complexity and scope of audits (Prima & Juniati Gunawan, 2024)

The Effect of Company Size (X2) on Audit Fees

Based on agency theory, the relationship between the owner (principal) and management (agent) causes information asymmetry, so the role of an independent auditor is needed to ensure that financial statements are presented reasonably. In this context, the amount of audit fees (Audit Fees) reflects the level of agency risk and the need for oversight of management. As seen in Table 1, the results of the analysis show that Company Size has a negative and significant influence on Audit Fees, with a t-statistic of -0.024142 and a probability of 0.0054., this can be explained that larger companies generally have better corporate governance, more effective internal control systems, and more transparent and efficient financial reporting processes. This condition lowers agency costs, because the level of internal supervision and compliance with accounting standards in large companies is stronger, so that the audit risk faced by auditors is lower. With audit risk decreasing, auditors do not need to conduct audit procedures that are too extensive or intensive, so that audit time, effort, and costs can be reduced. As a result, the audit fee imposed is lower than that of small companies that have a weaker internal control system and a higher risk of misrepresentation of financial statements. These findings are in line with research by Giawa et al. (2022) which shows that Company Size has a negative effect on Audit Fees, because large companies are more efficient in the audit process thanks to a mature internal control and governance system. Thus, the results of this study reinforce the theoretical view that strong internal oversight mechanisms in large companies are able to reduce agency risk, which is ultimately reflected in reduced audit costs.

The Effect of Audit Delay (X3) on Audit Fees

Based on the results in Table 1, the t-statistical value of Audit Delay is -0.693509 with a probability of 0.8429 indicating that this variable does not have a significant effect on the Audit Fee. This means that the length of time between the end of the financial reporting period and the date of issuance of the audit report is not the main determining factor in the amount of audit costs. Conceptually, the relationship between auditors, management, and shareholders contains potential conflicts of interest due to differences in objectives and unbalanced information. In this situation, the auditor functions as an independent party who gives confidence to the principal through the examination of financial statements. However, the results of this study show that the delay in audit completion does not necessarily reflect increased agency risk or audit complexity, so it does not cause a significant change to the audit costs charged. Audit delays can occur due to administrative or technical factors, such as delays in document collection, revision of internal reports, or coordination between auditors and management, which are not directly related to increased audit risk. Therefore, the auditor does not adjust the Audit Fee solely because of the delay in reporting time. In contrast, audit costs are more determined by factors directly related to audit risk and workload, such as the level of company complexity, the risk of material misrepresentation, and the effectiveness of internal control systems. These results are in line with the findings of Okta Viarni et al. (2024) which stated that Audit Delay does not have a significant influence on Audit Fees, because audit completion time is not always an indicator of audit difficulty or risk.

The Effect of Tenure Audit on Audit Fees with Audit Opinion as a Moderation Variable

The results of the analysis in Table 1 show that the interaction between Tenure Audit and Audit Opinion produces a t-statistic of 0.681849 with a probability of 0.0000, which means that it has a significant effect on Audit Fees. These findings indicate that the Audit Opinion reinforces the influence of the auditor's working period on the amount of audit costs, thus serving as an effective moderation variable. In the context of agency theory, the relationship between management (agents) and shareholders (principals) often gives rise to information asymmetry. The auditor acts as an independent oversight mechanism to reduce such conflicts of interest. Auditors who have a longer tenure (Audit Tenure) will have a deeper understanding of the company's structure, systems, and risks, allowing them to conduct audits more comprehensively. However, when auditors issue different or stricter audit opinions, such as reasonable opinions with exceptions or going concern opinions, risk perceptions from management and users of financial statements increase. This condition causes auditors to need to expand audit procedures and increase the level of prudence, which ultimately increases audit fees. Thus, the Audit Opinion plays a role in strengthening the relationship between the auditor's experience (tenure) and audit costs, because the opinion issued reflects the level of risk and the auditor's confidence in the quality of the financial statements. These findings are in line with the results of Panji & Utomo's (2023) research which shows that audit opinions can influence risk assessment and audit fee determination policies by auditors.

What is the Role of Audit Opinion in the Relationship of Audit Tenure, Company Size, and Audit Delay to Audit Costs?

The Effect of Company Size on *Audit Fees* with Audit Opinion as a Moderation Variable

Based on Table 1, the t-statistical value of the interaction between Company Size and Audit Opinion was recorded at 0.204014 with a probability of 0.1866, which means that it is not significant at the 5% confidence level. These results show that the Audit Opinion does not moderate the influence of Company Size on the Audit Fee, so the relationship between the two is independent. From the perspective of agency theory, large companies generally have stronger internal control systems, standardized reporting processes, and more effective corporate governance mechanisms. This condition reduces the potential for agency conflicts and lowers the level of audit risk, so that the determination of Audit Fees is more determined by structural factors, such as the scale of operations, total assets, and business complexity, than the audit opinion issued by the auditor. Thus, although the audit opinion reflects the auditor's level of confidence in the fairness of the financial statements, it does not affect the relationship between the size of the company and the Audit Fee. This indicates that auditors set audit costs based on the level of effort and resources required to examine large entities, rather than on the implicit risk perception of the audit opinion. These findings support Fasya's (2024) research which states that Company Size has a direct effect on Audit Fees, while Audit Opinion does not play a role as a moderation variable in this relationship.

The Effect of Audit Delay on *Audit Fees* with Audit Opinion as a Moderation Variable

Based on the data in Table 1, the t-statistical value of the interaction between Audit Delay and Audit Opinion is -0.662048 with a probability of 0.9059 indicating that Audit Opinion does not moderate the effect of Audit Delay on Audit Fees. This means that the length of the audit completion time does not have a significant impact on the amount of audit costs charged to the client. These results illustrate that in audit practice, the determination of audit costs is based more on the complexity of the audit and the level of risk of the company, rather than on the duration of the audit completion time. Long audit durations do not necessarily reflect an increase in auditor workload, as delays are often caused by administrative or technical factors, such as delays in document collection, clarification of financial statements by management, or internal company policies. In addition, the Audit Opinion does not play a role in strengthening or weakening the relationship, because the opinion given by the auditor reflects the results of the evaluation of the fairness of the financial statements, rather than a consideration of the length of the audit process. Thus, audit delays are not the main factor in the formation of Audit Fees. This finding is in line with Nattala's (2023) research which states that audit delays do not have a significant effect on audit costs set by auditors.

CONCLUSIONS

The determination of audit costs is influenced by the auditor's factors and the characteristics of the company. The results showed that Tenure Audit had a positive effect on Audit Fees, which means that the longer the auditor handled the client, the greater the audit fee charged because the auditor conducted a more in-depth and thorough examination. Company size also has a positive effect on Audit Fees, where large companies tend to pay higher audit fees due to the complexity of operational activities and greater transparency demands from external parties. In contrast, Audit Delay has no significant effect on Audit Fees, indicating that the length of audit completion time is not the main factor in determining audit costs. Audit Opinion only moderates the relationship between Audit Tenure and Audit Fee, reinforces the influence of auditor experience on audit costs, but does not moderate the relationship between Company Size and Audit Delay and Audit Fee. Overall, the results of this study provide empirical evidence that auditor experience and company characteristics are the main factors influencing Audit Fees. These findings also provide practical implications for the company's management and Public Accounting Firms (KAP) in assessing the fairness of the audit costs set. For further research, it is recommended to consider additional variables such as auditor specialization, corporate governance, and the impact of the COVID-19 pandemic, so that the understanding of the factors determining audit costs becomes more comprehensive and relevant to current conditions.

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