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THE MEDIATING ROLE OF AUDIT QUALITY IN THE RELATIONSHIP BETWEEN NON-FINANCIAL FACTORS OF AUDIT FEES

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Abstract
The Sun Nusantara Prima (SNP) designed incorrect receivables by generating fictitious sales with Columbia client data. It was unfortunate that Deloitte, the auditor, was unable to report the detection of a fraudulent scheme in SNP's financial statements. The research aims at investigating the influence of firm complexity, size, and independent commissioners on audit fees. The research's population consisted of manufacturing companies that were listed on the BEI. The complexity of the firm and Audit quality influenced the audit fee. Company size and The Independent Commissioner had no significant effect on audit fees. Furthermore, the Company's Complexity affected audit costs with audit quality as a mediating variable. These findings were inconsistent with the agency's theory, where lack of independent commissioner supervision suppressed management intervention against auditors so that sometimes they were given information that was not relevant and reliable. Therefore, public accountants made mistakes in making their opinions.

INTRODUCTION

Economic development in the business industry was increasing and making financial interactions within the community more complicated (Abbas et al., 2022). A company tended to use financial statements to assess its performance. In the financial statements, various information could be obtained that can be used as a decision-making tool, which was done by internal or external parties of the company (Abbas et al., 2021; Cao et al., 2017). Recording financial statements required reliability because financial statements were important for users and for the development of the company itself.

Public companies were obliged to submit periodic financial statements. Annual financial statements must be disclosed to the public and submitted to the Capital Market Supervisory Agency Indonesia government (Susilo et al., 2023). This notice must be accompanied by an opinion from a public accountant who audited the financial statements. Financial statements were required by a variety of external stakeholders, including investors and debtors, to make future investment decisions. So they needed reliable financial statements from companies where they put their capital. The auditor profession was formally recognized before the Industrial Revolution (Abbas et al. 2022). However, documents from history showed that auditors had been employed to improve the reliability of financial information from times past. The information gathered from this audit would be used by both internal and external parties, such as possible investors, creditors, the authority's financial department, and other connected parties, to evaluate the firm and make different strategic decisions (Tobing et al., 2019).

There was still an inconsistency in mandatory disclosure of the amount of audit fees in Indonesia because there were still many companies that did not include the amount of audit fees they paid for the audit services of public accounting firms included in the financial statements by several companies. The size or size of the audit fee that was mutually agreed upon before carrying out the audit process would have an impact on the independence of an auditor. Auditing companies tended to pay as little as possible, while auditors often considered the cost insufficient to cover the cost of their assurance services. A thorough understanding of the audit fee determination process was very important for companies and auditors in determining the optimal audit fee.

The phenomenon related to the financial statement audit case was that in 2018 there was a phenomenon that attracted the attention of the public and financial practitioners in Indonesia, namely the case of Sun Nusantara Prima Finance Financing (SNP). SNP Finance was a multi-finance company, a subsidiary of the Columbia business group. SNP Finance hoarded funds through Bank loans. However, it was revealed that there was falsification of data and manipulation of financial statements carried out by SNP Finance management. The SNP manipulated fictitious receivables through fictitious sales containing Columbia customer data. Unfortunately, Deloitte as its auditor was unable to report the misstatement of a fraudulent scheme in SNP Finance's financial statements. Deloitte provided an unqualified opinion on the SNP's financial statements. The SNP Finance and Deloitte cases served as lessons for businesses and auditors (Simatupang et al., 2021). This raised many questions about the independence of auditors which led to the influence of the audit fees given.

The determination of audit fees had been determined based on the regulation of the Indonesian Institute of Public Accountants No. 2 of 2016 concerning Determination of Compensation for Financial Statement Audit Services (Vertiarani & Halim, 2019). The amount of fees could sometimes put an auditor in a dilemmatic position, on the one hand, an auditor must be independent of giving opinions and must be able to meet the demands of a client who paid a fee for his services (Herdiansyah et al., 2022). As a result, there was price competition between auditors, which made some public accounting firms reduced their fees which was indicated to cause low-quality audit results.

Based on the phenomenon that occurred, proved that the quality of audits in Indonesia needed to be improved. The obligation of companies to disclose audited financial statements to the public made the role of public accountants in providing audit services in the disclosure of financial statements larger. The accountability of an auditor was not only to the company that used his services but also to the wider community. The accountability of an auditor was not only to the company that used his services but also to the wider community. Therefore, a public accountant was required to be objective and professional in providing their services. One of the objective and professional forms of an auditor was the large Audit Fee (Farid & Baradja, 2022).

Larger public accounting firms were considered to have better audit quality in providing audit services to the company's financial statements because auditors affiliated with public accounting firms affiliated with the big four public accountants had experience, good audit performance and high professionalism, therefore the audit fee charged was also higher (Sibuea, 2021).

Riwanti et al. (2022) argued that if the independent board of commissioners did not have a significant effect on audit fees, which meant the independent board of commissioners was not very able to explain the phenomenon of audit fees because the independent board of commissioners who was part of the company's commissioners could not perform a good supervisory function on management, this variable did not effect because the appointment of an independent board of commissioners was only to comply with regulations company. The Board of Commissioners that performed its duties ineffectively and optimally could certainly cause the financial statements made to be of less quality. With the lack of quality of the report, the external auditor function required more time in conducting audits, and would ultimately affect audit fees.

Another determining factor of audit fees that an auditor considered in conducting an audit was the complexity of the company to be audited because this was related to the complexity of transactions contained in the company. The complexity of the firm was connected to the intricacy of the transactions that occurred inside it. A subsidiary could symbolize the complexity of audit services given based on whether the transaction was complicated by the customer of the public accounting firm getting audited (Hasan, 2017). The complexity of the corporation was connected to the complexity of the transaction, shown by the presence of owned subsidiaries (Koentjoro, 2020). The complexity of the corporation was connected to the complexity of the transaction, shown by the presence of owned subsidiaries. Yusica & Sulistyowati (2020) argued that if companies had the condition that the number of subsidiaries held, increased the company's complexity. This circumstance would require external auditors to devote more time and particular skill in auditing which resulting in a higher audit fee burden. According to this description, the company's complexity would affect the audit fee paid, increasing the audit charge provided (Hasan, 2017). According to research conducted by Riwanti et al. (2022), The complexity of the company had an effect but was not significant on the amount of audit fees. However, it was different from the results of the research done by Amelia et al. (2022) & Hasan (2017) which stated that the complexity of the company had an effect and is significant on the number of audit fees.

Companies that had large total assets could be said that the company was much better to generate company profits which might affect the audit fees paid. Yulianti et al. (2019) argue that the company's size had a substantial impact on the audit fee. Many factors were considered while determining the right audit fee. One factor to consider was the company's size. According to research conducted by Syafii & Dewi (2022) stated that the size of the company influenced audit fees. However, this research was not in line with research conducted by Amasy (2021) if the company size variable did not have a significant effect on the audit fee variable.

Financial Services Authority Regulation Indonesia No. 33/POJK.04/2022 governed the Boards of Directors and Commissioners of Issuers or Public Companies. An independent commissioner was a member of the Board of Commissioners who was not affiliated with the securities firm and satisfied the standards for independent commissioners outlined in this Financial Services Authority Regulation. Paramitha & Setyadi (2022) argued that the Independent Commissioner had a considerable impact on audit fees. This was because independent commissioners who were not members of the Board of Commissioners did not need better audit quality than audit committee members, hence audit quality demanded no effect on audit fees. Thus, the results of this research did not support a risk-based approach to audit services (good corporate governance practices would lower external audit fees) where it was said that an independent commissioner would result in more effective supervision of the financial reporting process to reduce the emergence of problems in financial reporting. This would lead to reduced control risks (Pratiwi, 2017). The results of the investigation conducted by Suryanto et al. (2018) Declared that the Independent Commissioner had no influence and did not have a significant on the audit fee. It was different from the results of the study by Paramitha & Setyadi (2022) that the Independent Commissioner had a significant influence on the audit fee

Audit quality was the probability that a competent auditor would be able to properly understand and undergo audit procedures and report independently in case of violations (Nadzif & Agung Durya, 2022). Gul (2013) defined audit quality as the likelihood of the auditor finding and reporting deviant actions in the auditee's accounting system, where the possibility of "findings" resulting from the auditor's competence and expertise while the results of the report were determined by the level of independence of the auditor. Simatupang et al. (2021) argued that if public Accounting firms affiliated with the Big Four public accountants, they might have high-flying hours and a good reputation. In carrying out their duties, they would try hard to maintain the good name of their Public Accounting Firm and avoid actions that can harm their Public Accounting Firm. The Big Four Public Accounting Firms would be more thorough and earnest in performing their duties. In this sincerity, it would get good results, so high-integrity and trustworthy reporting was produced and affected the audit fee given (Simatupang et al., 2021)

Previous research showed inconsistent results about the factors influencing the amount of audit fees paid by the firm. Based on research conducted by Riwanti et al. (2022) explained that the complexity of the company had a negative and insignificant effect on Audit Fees, but research by Amelia et al. (2022) & Hasan (2017) stated that the complexity of the company had an effect and was significant on the number of audit fees. As for the variable size of the company, the research done by Syafii & Dewi (2022) explained that the size of the company had a positive effect on audit fees, but the research conducted by Amasy (2021) stated that the size of the company had a negative effect but did not have a significant effect on audit fees. The results of research conducted by Suryanto et al. (2018) Declared that the Independent Commissioner had no influence and insignificance on the audit fee. It was different from the results of the research carried out by Paramitha & Setyadi (2022) said that the Independent Commissioner had a significant influence on the audit fee

The research concluded differently from previous investigations, allowing for additional factors to interact with the correlation between the independent and dependent variables. The variable was known as the mediation variable, and it was included in the model because it had a contingent impact resulting from the connection between the dependent variable and the preceding independent variable (Lais et al., 2019).

Quality audits were thought to mediate the relationship between company complexity, company size and independent commissioners to audit fees. This research used the mediating variable of audit quality because this used agency theory. Based on this theory, the size of the public accounting firm would be influential in producing audit reports following the conditions of influence of company complexity, company size and independent commissioners. There was a high sense of independence from auditors affiliated with the Big Four that certainly acted according to their competence compared to public accounting firms that were not affiliated with the Big Four so that agency costs managed by the principal would be efficient and effective. The results of the relevant audit report per the company's conditions were called audit quality.

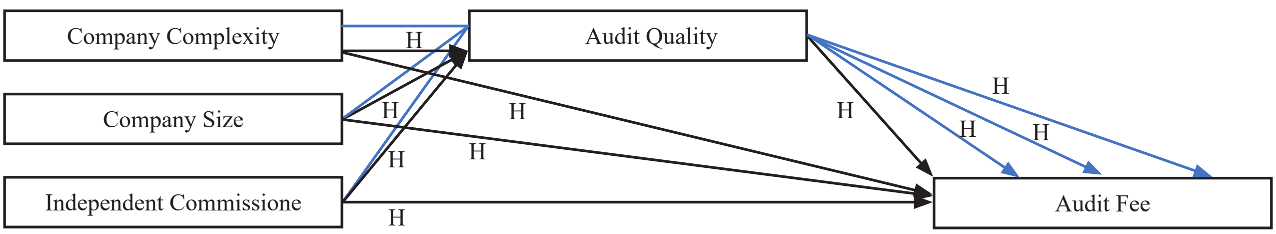
A crucial component of agency theory was the authority granted to an agent to act in the owner's best interests. Agency theory provided a crucial explanation for the conflicting interests of managers and owners that provided a challenge. Managers who subscribed to the stewardship philosophy preferred to prioritize the organization's aims before their own. According to this idea, a firm's value could not be maximized unless the correct incentives or enough monitoring were in place to prevent corporate managers from exercising discretion to increase profits (Kurniadi, A. F., & Wardoyo, 2022)

Quality audits had the possibility of mediating the relationship between company complexity, company size and independent commissioners to audit fees. This meant that the size of the complexity of the company, the size of the company and the independent commissioner of audit fees could be intervened by the quality of the audit so that the independent variable did not directly affect the number of audit fees that were distributed by the company but depended on how large the size of the public accounting firm used by manufacturing companies.

Sibuea (2021) argued that if the complexity of the company had a significant positive effect on the audit fee, meaning that the more subsidiaries owned, the higher the audit fee paid to the auditor, this was because the work done by the auditor became more complex, and the risk faced by the auditor was also higher, so it took longer to complete its task. According to Simatupang et al. (2021), audit quality mediated the significant effect of company size variables on audit fees. This result showed that the larger the size of the client company, the higher the quality of the audit produced. So the higher the audit fee paid by the company to the Public Accounting Firm that audited the company, the larger companies would have greater, and more complex risks than smaller companies. So it could be said that the larger the size of a company, the audit worked by the Public Accounting Firm at the company required longer time needed by auditors to examine audit evidence and a larger number of audit teams compared to auditing small companies to complete their tasks which increased the number of audit fees that must be submitted by the company. This was because large companies had more and more complex transactions, so the audit fees issued were higher (Simatupang et al., 2021)

This research was a development of previous research but with a different model, namely the use of mediation variables, besides that, the difference in this research lay in the object of another research, namely using manufacturing companies in Indonesia in 2018-2021. The reason for taking that year was because many companies were affected by COVID-19 in 2020-2021 so the agreed audit fee contract sometimes did not match the normal audit fee contract in the year before the covid disaster, in 2018-2019. Furthermore, this research contributed by examining the effect of mediation variables in the form of audit quality to see whether audit quality could affect the relationship between independent variables such as company complexity, company size independent commissioners with dependent variables, and audit fees.

H1 Investigate the relationship between company complexity with audit quality. H2 Investigate the relationship between company size with audit quality. H3 Investigate the relationship between independent commissioners with audit quality. H4 Investigate the relationship between company complexity with audit fees. H5 Investigate the relationship between company size with audit fee. H6 Investigate the relationship between independent commissioners with audit fees. H7 Investigate the relationship between audit quality with audit fee. H8 Investigate the relationship between company complexity on audit fees with audit quality as a mediating variable. H9 Investigate the relationship between company size on audit fees with audit quality as a mediating variable. H10 Investigate the relationship between independent commissioners on audit fees with audit quality as a mediation variable.



Source : (Amasy 2021; Amelia et al. 2022; Gul 2013; Hasan 2017; Koentjoro 2020; Nadzif & Agung Durya 2022; Paramitha & Setyadi 2022; Pratiwi 2017; Renzy et al. 2022; Sibuea 2021; Simatupang et al. 2021; Suryanto et al. 2018; Syafii & Dewi 2022; Yulianti et al. 2019; Yusica & Sulistyowati 2020, Kurniadi, A. F., & Wardoyo 2022; Lais et al. 2019; Sibuea 2021; Simatupang et al. 2021)

Figure 1. Framework Research Direct Relationship

As presented in Figure 1, the research framework of the direct relationship between audit quality and audit fees was based on arguments that had been built from previous research.

METHODS

The research population used Manufacturing Companies listed on the Indonesia Stock Exchange in 2018-2021. The reason for that was because, in those years, many companies were affected by COVID-19 in 2020-2021, so the agreed audit fee contract sometimes did not match the normal audit fee contract in the year before the Covid disaster, in 2018-2019. Sampling techniques were always to obtain data and information needed in research. The research data sampling technique used a Literature Study. Literature Studies were carried out by studying and taking data from related literature and other sources such as books, notes, and reports on previous research results that were considered to provide information about this research. In this sample methodology, the writer adopted purposive sampling methods (Sekaran & Bougie, 2016). Purposeful sampling was a sampling technique with certain considerations. The process of collecting research data was carried out by downloading through the official website of the Indonesia Stock Exchange, www.idx.co.id. The data used was taken from the annual financial state. The Independent Variables in this research were Company Complexity, Company Size, and Independent Commissioners. The dependent variable was the Audit Fee and the Mediation Variable was Audit Quality. All research variables and measurement techniques were presented in Table 1, which was as follows:

Table 1. Definition, Measurement And Source Variable

Var	Description	Type	Measurement Technique	Source
AF	Audit Fees	DV	Logarithm natural audit fee (Syafii et al., 2022)	Annual Financial Report and Company Annual Report
CC	Company Complexity	IV	The number of subsidiaries could be known through the financial statements in the notes section of the financial statements (Riwanti et al., 2022)	Annual Financial Report and Company Annual Report
CS	Company Size	IV	Logarithm natural total asset (Samosir & Panjaitan, 2023)	Annual Financial Report and Company Annual Report
IC	Independent Commissioners	IV	Total number of Board of Commissioners (Suci & Pamungkas, 2022)	Annual Financial Report and Company Annual Report
AQ	Audit Quality	Z	Dummy variable with a score of 1 if Public accountants were affiliated with the Big Four, and 0 if not (Pakpahan et al., 2022)	Annual Financial Report and Company Annual Report

Notes : AF, Audit Fees; CC, Company Complexity; CS, Company Size; IC, Independent Commissioners; AQ, Audit Quality

In data testing, the first step was be done to perform descriptive statistical testing, by analyzing the largest standard deviation test of the variables used. Then, model selection testing was carried out with three-step testing, namely Chow, Hausman and Lagrange multiplier testing. Each test had its standards for determining the feasibility of the model to be used in this research. In the Chow test testing, the basis for decision-making was if the prob cross-sections < 0.05, then would choose an FE, but if the result > 0.05 would choose a CE. The Hausman test was to assess the probability cross-section result < 0.05, the model used was FE, but if Probability > 0.05, the model used was RE. Finally, testing the Lagrange Multiplier test, the basis for decision-making was if the prob cross-sections < 0.05, then would choose a random effect, and vice versa if > 0.05 would choose a common effect. Here there was additional information that if the regression model used was OLS or FE, it was necessary to test classical assumptions, but if the regression model used was RE, there was no need to test classical assumptions, because the data was included as a type of GLS. After the test is carried out, statistical testing will be carried out by looking at the effect of the R2 test, as well as to see the testing of the level of validity between variables. In addition, this research would be carried out so the test with the help of Ms. Excel. Baron & Kenny (1986) identified three patterns consistent with mediation and two consistent patterns without mediation as follows: (a) Complementary mediation: mediation influence (Company Complexity, Company Size, Independent Commissioner x Audit Quality) and direct influence (Audit Fee) both existed and point in the same direction; (b) Competitive mediation: mediation influence (Company Complexity, Company Size, Independent Commissioner x Audit Quality) and direct influence (Audit Fee) both existed and point in opposite directions; (c) Indirect-only mediation: there was a mediating effect (Company Complexity, Company Size, Independent Commissioner x Audit Quality), but no direct influence on (Audit Fee); (d) Direct-only no mediation: there was a direct influence (Audit Fee), but no indirect influence (Company Complexity, Company Size, Independent Commissioner x Audit Quality); (e) No-effect no mediation: there was no influence either directly (Audit Fee) or indirectly (Company Complexity, Company Size, Independent Commissioner x Audit Quality).

RESULTS

The maximum standard deviation value identified by company size was 4334,848, which showed that the average manufacturing company in Indonesia from 2018 – 2021 was estimated to have a fairly large average number of assets. This was because in 2019 – 2021, even though Indonesia experienced the COVID-19 outbreak, this proved that only companies that had a large level of asset capacity could survive, and carry out operational activities well, even companies were still able to use the services of auditors even though at that time manufacturing companies in had a level of risk vulnerability.

Table 2. Analysis Statistics Descriptive Result

	Mean	Med	Max	Min	St.Dev	Obs
AF	21.99878	21.95900	27.38300	14.56700	2.054956	128
CC	2.080916	2.000000	5.000000	0.000000	1.480345	128
CS	695.6265	28.40500	29163.00	13.78800	4334.848	128
IC	0.425781	0.400000	0.750000	0.290000	0.102961	128
AQ	0.507813	1.000000	1.000000	0.000000	0.501903	128

Source: processed data by Eviews 12.0, 2024

The next stage of data testing was selecting the best analytical model so that the model chosen could move on to the analysis stage.

Table 3. Model Estimation

		Best Model		
Effect Test	Prob > F	Det – Test	(Prob>F) / (Prob>Chibar2) / (Prob>Chi2)	Description
CE vs FE	0.000	Chow test	2.87869	FE
FE vs RE	0.761	Hausman test	1.85890	RE
RE vs CE	0.000	LM test	4.29908	RE

Source: processed data by Eviews 12.0, 2024

Based on the test results of the regression model, the RE was proven to be applicable. Thus, the model did not need to be tested by classical assumptions, because the data was included as a GLS type.

Table 4. Summary of Research Hypotheses Audit Quality

Hyp	Hypothesis Statement	Coef. Value	P >|z|	Model
1	Company Complicity has a significant and positive effect on Audit Quality	Coef. 0.598049 Std. Error. 0.112887 t-statistic 5.297755 Prob. 0.0000	Hypothesis supported	AQ = 20.08683 + 0.598049*CC+ 3.21E-06*CS + 1.563637 *IC + ε
2	Company Size did not have a significant but positive effect on Audit Quality	Coef. 3.21E-06 Std. Error. 3.90E-05 t-statistic 0.082391 Prob. 0.9345	Hypothesis rejected	
3	Independent Commissioners did not have a significant but positive effect on Audit Quality	Coef. 1.563637 Std. Error. 1.644604 t-statistic 0.950768 Prob. 0.3436	Hypothesis rejected	
	R-Squared	0.640992		
	Adj R-Squared	0.504413		
	F-Statistic	4.693200		
	Prob (F-Statistic)	0.000000		

Source: Data processed by Eviews 12.0, 2024

Table 5. Summary of Research Hypotheses Fee audit

Hyp	Hypothesis Statement	Coef. Value	P >|z|	Model
1	Company Complicity had a significant and positive effect on Audit Fee	Coef. 0.555227 Std. Error. 0.644604 t-statistic 5.230915 Prob. 0.0000	Hypothesis supported	FA = 19.65522+ 0.555227*CC-1.00E-05*CS + 1.170903*IC + 1.764236*AQ +ε
2	Company Size did not have a significant but positive effect on Audit Fee	Coef. 1.00E-05 Std. Error. 3.65E-05 t-statistic 0.274324 Prob. 0.7843	Hypothesis rejected	
3	Independent Commissioners did not have a significant but positive effect on Audit Fees	Coef. 1.170903 Std. Error. 1.542243 t-statistic 0.759221 Prob. 0.4492	Hypothesis rejected	
	Audit Quality did have a significant and positive effect on Audit Fee	Coef. 1.764236 Std. Error. 0.464846 t-statistic 3.795310 Prob. 0.0002	Hypothesis supported	
	R-Squared	0.292756		
	Adj R-Squared	0.269757		
	F-Statistic	12.72865		
	Prob (F-Statistic)	0.000000		

Source: Data processed by Eviews 12.0, 2024

After knowing the test results from panel data repression, the next stage was soble test testing with the help of MS Excel. this test has a standard criterion for passing the sobel test, namely Z Score > 1.98. Standard intervening variables could mediate other variables.

Company Complexity of Audit Fees through Quality Audit (CC*AQ*AF)

$$= \frac{ab}{\sqrt{(b2SEa2) + (a2SEb2)}}$$

$$z = \frac{0.60\ x\ 1.76}{\sqrt{(1.76\ 2\ x\ 0.11\ 2) + (0.60\ 2\ 0{,}46\ 2)}}$$

$$z = \frac{1{,}06}{\sqrt{(3{,}10\ x\ 0{,}01) + (0{,}36\ x\ 0{,}21)}}$$

$$z = \frac{1{,}06}{\sqrt{0{,}03 + 0{,}07}}$$

$$z = \frac{1{,}06}{\sqrt{0{,}24}}$$

$$z = \frac{1{,}06}{0{,}48}$$

$$z = 2{,}21$$

$$z\ tabel = 1{,}98$$

Based on the results of testing the Company's Complexity Against Audit Fees through Quality Audit, it could be found that the value of z was calculated (2.21) > z table (1.98), which showed if the company's complexity variable had effects on audit fees through audit quality.

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Company Size Against Audit Fee through Quality Audit (CS*AQ*AF)

$$= \frac{ab}{\sqrt{(b2SEa2) + (a2SEb2)}}$$

$$z = \frac{3{,}21\ x\ 1{,}76}{\sqrt{(1.76\ 2\ x\ 3{,}90\ 2) + (3{,}21\ 2\ 0{,}46\ 2)}}$$

$$z = \frac{5{,}64}{\sqrt{(3{,}52\ \ x\ 7{,}80) + (6{,}42\ x\ 0{,}92)}}$$

$$z = \frac{5{,}64}{\sqrt{27{,}5 + 5{,}90}}$$

$$z = \frac{5{,}64}{\sqrt{11{,}15}}$$

$$z = \frac{5{,}64}{3{,}34}$$

$$z = 1{,}68$$

$$z\ tabel = 1{,}98$$

Based on the results of testing the Company's Size of Audit Fees through Quality Audit, it could be found that the value of t was calculated (1.68) < z table (1.98). that showed if the company size variable did not affect audit fees through audit quality.

Independent Commissioner of Audit Fee Through Quality Audit (IC*AQ*AF)

$$= \frac{ab}{\sqrt{(b2SEa2) + (a2SEb2)}}$$

$$z = \frac{1{,}56\ \ x\ 1{,}76}{\sqrt{(1.76\ 2\ x\ 1{,}64\ 2) + (1{,}56\ 2\ 0{,}46\ 2)}}$$

$$z = \frac{2{,}75}{\sqrt{(3{,}52\ \ x\ 3{,}28) + (3{,}12\ x\ 0{,}92)}}$$

$$z = \frac{2{,}75}{\sqrt{11{,}54 + 2{,}87}}$$

$$z = \frac{2{,}75}{\sqrt{6{,}27}}$$

$$z = \frac{2{,}75}{2{,}50}$$

$$z = 1{,}1$$

$$z\ tabel = 1{,}98$$

Based on the test results of the independent Commissioner Against Audit Fees Through Quality Audit it was found that the value of t calculated (1.1) < z table (1.98). that showed if the independent commissioner variable did not affect audit fees through audit quality.

DISCUSSION

Audit complexity affected audit quality. The research's findings clarified that an increase in the complexity of an auditor's audit activities might result in a lower success rate for the auditors in identifying all potential fraud. It would affect the inspection procedure and lower the quality. These findings were in line with Ariestanti et al. (2019) & Qintharah (2020), who stated that audit complexity affected audit quality. The size of the company did not affect the quality of the audit.

Company size did not affect audit quality. The results indicated that company size did not affect the quality of audits produced by auditors. These findings contradicted the research done by Wijayanti & Januarti

(2011), which discovered that larger companies were more meticulous in selecting professional, independent, and reputable auditors to produce high-quality audits. This research also contradicted the research done by Febriyanti & Mertha (2014), which revealed that company size affected audit quality, with larger companies attracting more attention from analysts, investors, and the government, thereby choosing high-credibility public accounting firms to enhance audit quality.

Independent commissioners did not affect audit quality. The results of this research explained that the size of the board of independent commissioners did not affect audit quality. It indicated that the presence of independent commissioners in the company was deemed insufficiently effective in monitoring or overseeing managers, and market participants did not fully trust their performance (Puspaningsih & Sabella, 2017). These findings aligned with the research by Kolsi et al. (2012) & Adeyemi et al. (2010), proving that the board of independent commissioners did not affect audit quality.

Company complexity affects audit fees. Company complexity was related to transaction complexity, indicated by the presence of subsidiaries (Hasan, 2017). Companies with subsidiaries required approval from the parent company for all ownership decisions. According to Yusica & Sulistyowati (2020), the more subsidiaries a company had, the higher its complexity. This was aligned with research done by Amelia et al. (2022) & Hasan (2017), They argued that if a company had a condition, the number of subsidiaries increased the complexity of the company. This circumstance would require external auditors to devote more time and specialized skills to audits, resulting in a higher audit cost burden. The results of this were not in line with Riwanti et al. (2022), who stated that company complexity did not affect audit costs.

Company size does not affect audit fees. The results of this research indicated that company size did not affect audit costs. Company size reflected the scale of its operations (Rukmana, 2016). Similarly, research on independent commissioners showed that they did not affect audit fees. The finding did not support the risk-based approach to audit services, which suggested that independent commissioners provided more effective oversight of financial reporting processes, reducing issues in financial reporting and controlling risk (Pratiwi, 2017). This was also aligned with research by Yulianti et al. (2019) & (Syafii et al., 2022), who argued that companies with larger total assets were more capable of generating corporate profits, influencing audit costs. This finding contradicted the research done by Amasy (2021), who stated that company size did not affect audit costs.

Independent commissioners did not have a significant but positive impact on audit fees. This research proved that the size of the board of independent commissioners did not affect audit quality. It indicated that independent commissioners' presence in the company was deemed insufficiently effective in monitoring the company managers, and market participants who did not fully trust their performance. These findings aligned with research carried out by Kolsi et al. (2012) & (Adeyemi et al. (2010) who stated that the board of independent commissioners did not affect audit quality. However, this contradicted the research done by Gajevszky (2015), (Kasim et al., 2016), & Soliman (2020) who stated that the board of independent commissioners affected audit quality.

Audit quality affects audit fees. This finding discovered that public accounting firms affiliated with the Big Four showed extensive experience and a good reputation. They strived to maintain their good name and avoided actions that could harm their firms. Big Four-affiliated public accounting firms were more thorough and diligent in performing their duties, leading to high-quality and trustworthy reporting, affecting audit costs.

Company complexity affected audit costs with audit quality as a mediating variable. It indicated a complementary mediation variable: the mediation effect (company complexity on audit quality) and direct effect (company complexity on audit costs) both existed and pointed in the same direction. Additionally, the interpretation of this research suggested that the more subsidiaries a company had, the higher the audit costs paid to auditors due to increased audit complexity and higher auditor risk, the more time required to complete tasks. Larger public accounting firms were deemed to provide better audit quality for financial statement audits because auditors affiliated with the Big Four affiliated and experienced (Sibuea, 2021)

Company size did not affect audit costs, with audit quality as a mediating variable. It indicated a non-effect mediation correlation: there was no direct (company size on audit quality) or indirect effect (company size on audit costs). Additionally, the interpretation of these findings suggested that larger companies faced greater and more complex risks than smaller companies. Thus, it could be stated that the larger the company, the more time auditors needed to examine audit evidence and the larger the audit team required compared to audit smaller companies, leading to higher audit costs (Simatupang et al., 2021).

Independent commissioners did not affect audit costs with audit quality as a mediating variable. It indicated a non-effect mediation correlation: there was no direct (independent commissioners on audit quality) or indirect effect (independent commissioners on audit costs). Additionally, the interpretation of these findings suggested that the board of independent commissioners could not adequately explain the audit cost phenomenon, as they could not perform their supervisory function well over management. This variable had no effect because the appointment of independent commissioners was only to comply with company regulations (Renzy et al., 2022).

CONCLUSIONS

Based on the results of the partial test with Audit Costs as a dependent, it was found that the complexity of the audit had a positive influence on the audit quality, but the size of the company and the independent Commissioners did not affect the audit quality. Then, Company Complexity and Audit Quality had a positive influence on Audit fees. Meanwhile, the size of the Company and the Independent Commissioners did not affect the Audit Fee. Furthermore, Company Complexity affected audit costs with audit quality as a mediating variable. This showed that the type of audit quality mediation was complementary mediation: where the influence of mediation (Company Complexity on audit quality) and had a direct influence between (Company Complexity on Audit Cost) and its meaning, both existed and pointed in the same direction. In addition, the interpretation of this research showed that the more subsidiaries a company had, the higher the audit fees paid to auditors due to the increasing complexity of audits and the higher risks of auditors, requiring more time to complete tasks. Larger public accounting firms were judged to provide better audit quality for financial statement audits because auditors affiliated with the Big Four were affiliated and experienced. However, the mediation relationship between audit quality and the size of the company and independent commissioners against audit costs, showed that the type of mediation relationship was Non-effect: meaning that there was no direct influence (the size of the company and independent commissioners on the quality of the audit) or indirect (the size of the company and the independent commissioner on the audit costs). The interpretation of these findings suggested that larger companies face greater and more complex risks than smaller companies. The larger the company, the more time it took the auditor to examine the audit evidence and the larger the audit team needed compared to audit a smaller company, which led to higher audit costs. In addition, other findings suggested that the independent board of commissioners could not adequately explain the phenomenon of audit costs, as they could not properly carry out their supervisory function over management.

The implication of this research could be explained that larger companies faced greater and more complex risks than smaller companies. Thus, it could be said that the larger the company, the more time it took the auditor to examine the audit evidence and the larger the audit team required compared to audit a smaller company, which led to higher audit costs. These findings were inconsistent with the agency's theory, where independent commissioners should be supervisors of management performance as the role of independent commissioners did not support a risk-based approach to audit services. That showed that independent commissioners did not provide more effective oversight of the financial reporting process, reduced problems in financial reporting and control risks. This also had an impact on the task of examining auditors who were carrying out their duties, due to the lack of supervision by independent commissioners in suppressing management intervention against external auditors. As a result, sometimes auditors were given information that was less relevant and reliable so public accountants made mistakes in making their opinions.

The research had several limitations that future writers could overcome. First, the size of independent commissioners should use other measurements not only in terms of numbers but also in terms of understanding accounting and the frequency of meetings held each year. Second, the size of the company should not only use the natural logarithm of the asset, it was better to use other calculations such as the profitability ratio. Third, this research only focused on manufacturing companies in Indonesia, it was hoped that this research used samples from other Asian countries, so that it could broaden horizons on pre-existing topics.

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