

Characteristics of audit committees and public accountants on audit fees

Shelsa Aulia Yovanka

Accounting Study Program, Faculty of Business President University, Cikarang, Indonesia

Vita Elisa Fitriana

vita.elisa@president.ac.id

Accounting Study Program, Faculty of Business President University, Cikarang, Indonesia

Abstract

The purpose of this research is to obtain empirical what are factors that affect audit fees with audit fees as dependent variable and audit committee effectiveness as independent variable. This research uses manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2020 period. Data analysis was carried out using multiple regression analysis, with a selected sample of 198 companies of three years observation. The results indicates that audit committee size influence audit fees, while audit committee meeting and audit committee expertise are not influence audit fees. Therefore, company could focus on aspects which can influence the audit fees.

Keywords: *audit committee; audit fees; public accounting changes; public accountant reputation*

Abstrak

Penelitian ini bertujuan untuk mendapatkan secara empiris faktor-faktor apa saja yang mempengaruhi audit fee sebagai variabel dependen dan efektivitas komite audit sebagai variabel independen. Penelitian ini meneliti perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada periode 2018 hingga 2020. Analisis data dilakukan dengan menggunakan regresi berganda, dengan sampel terpilih sebanyak 198 perusahaan selama tiga tahun pengamatan. Hasil penelitian menunjukkan bahwa ukuran komite audit mempengaruhi biaya audit, sedangkan rapat komite audit dan keahlian komite audit tidak mempengaruhi biaya audit. Oleh karena itu, perusahaan dapat fokus pada aspek-aspek yang dapat mempengaruhi biaya audit.

Kata kunci: *komite audit; biaya audit; perubahan akuntan publik; reputasi akuntan publik*

INTRODUCTION

According to PSAK (Financial Audit Standards), audit refers to a process of systematic evaluation of the financial statements of an entity, which aims to reveal the truth of the report and the final results are given to interested parties. A quality audit report will produce an opinion that is in accordance with actual conditions company and will certainly be useful for its users (Astari, 2018). The Public Accountant profession has been trusted by the public and the professional services provided by public accounting firms are a way to overcome the crisis of public distrust of the financial statements of an entity or organization (Dina et al., 2013).

Financial Services Authority Ordinance No. 13/POJK.03/2017 pertaining to “Employ of Auditors and Auditing companies in Financial Services Activities” states that listed companies are required to disclose audited financial statements (Financial Services Bureau,

2017). Therefore, to convince outside investors about the credibility of financial disclosures, companies will hire reputable auditors. For the audit services that have been performed, the public accounting firms will get an audit fee provided by the company (Ayu et al., 2019).

Audit fee is the amount of money issued by the companies to external auditors in return for audit service (El-Gammal, 2013). In Indonesia the number of examination fees is controlled by Decree no. 2/2016 (IAPI, 2016) and determination of audit fees based on an agreement between the Public Accountant and the client entity (Evlin & Sistya, 2018). Therefore, research on the transparency is interesting because the translation of the amount of audit fee paid from companies in Indonesia is still not regulated in the legislation, so there are still a few companies that go public to include the amount of audit fees they pay.

Previous study stated large quantity of impartial audit committee and the amount of audit committee conferences has advantageous effect towards audit fees. However, audit committee proficiency shows a negative factor (Januari et al., 2020). On the other hand, there are still differences between Januari et al. (2020) and other studies. Yatim et al. (2006) detect that audit committee's academic background is positive and significantly associated towards audit fees. While Waegelein (2007) found the audit committee's meeting has negative consequence on audit fees.

Based on argument, this study is interesting in conducting further research since there is still the inconclusive result. According to Mentari (2019) there are another factor that expected to influence audit fees like public accountant reputation. Moreover, public accountant changes are consider as one of the factor that can influence audit fees (Pradhana & Suputra, 2015). Therefore, based on description above the research is entitled "What are the factors that affect audit fees".

LITERATURE REVIEW

Agency theory

This theory describes the relationship because of a contract between the principal and agent, which the agent is required to perform some services (Jensen & Meckling, 1976). In this matter, the agent is intended to serve in a manner that is in the interests of the principal. In this regard, the agent will be given appropriate incentives by the principal in order to achieve an optimal work contract (Jensen & Meckling, 1976). Agency problems in this study occur in auditors and management.

Contravention of interest is a condition caused by inequalities of purpose, where agent does not always work corresponding to the principal's orders. For reduce conflicts of interest, the solution is performed by involving an independent third party, namely auditor (Haji, 2015). The auditor acts as a mediator between two parties (agent and principal) who have different interests in managing the company's finances. Agency costs are determined from the number of activities carried out in auditing financial statements. The high cost of supervision can trigger financial distress in a company so that it triggers the high cost of auditors (Musah, 2017).

Audit fees

The fee that must be paid to pay for the services of an external auditor is called audit fees (Gammal, 2013). Audit fee is one of the costs monitoring or agency costs. The amount of the audit fee paid, the basis of determination and the method of collection are determined at the time of the initial engagement of public accountants with an entity in the engagement letter (Suseno, 2013).

Regulations regarding provision of the amount of audit fees paid by companies in Indonesia are arranged by the Indonesian Institute of Certified General Accountants through

Decree 024/IAP/VI/2008 regarding the fee determination policy. The decree states that in assign the amount of the audit fee, the auditor must pay attention to the audit stage procedures.

Audit committee size

The audit committee is made by council of directors. The council of directors is authorized for designate, replace, and discharge all of the audit committee. Referring to agency doctrine, profound supervisor to lower factor costs is carried out by the audit commission. POJK Number 55/POJK.04/2015 declare each company which goes public is obligatory to own an audit committee.

According to the guidelines of the Indonesia Corporate Governance Manual, OJK requires a minimum of three members of the audit committee in public companies. A larger amount of audit committee members will prepare variety of views, expertise and experience that can increase the efficiency of supervision (Bedard, 2004). Al-Najjar (2011) discovered that independent audit committee forced supervision to be over transparent and accountable.

Audit committee meetings

Monitoring is the most crucial activity in implementing corporate governance (Lidyah, 2018). Effectual oversight may enhance when audit committee fellow converges systematically and oftentimes. Hence, regular meetings help audit committees monitor accounting records and internal control (Lisic et al., 2015).

Conferences enforced by the audit committee are methods of monitor expenses to decrease agency issues. Frequent audit committees in arranged conferences, the more powerful their part in overseeing preliminaries and presentment of integrated financial statement, the more issues will uncover in the integrated reports (Januarti et al., 2020).

Audit committee expertise

Expertise in accounting or finance is considered important to audit committee fellows (Hayes, 2014). Accounting or budgeting expertise allows members of the audit committee to comprehend audit process and resolve discrepancies between management and external auditor (Li et al., 2012).

POJK Number 15 of 2015 elucidated that member of audit committee must hold awareness and skill in the field of economics and budgeting and attain to master the draft of financial breakdown as a whole. Audit committee expertise can improve audit capability committee member in overseeing financial reporting processes, particularly the issuance of monetary reports (Chariri et al., 2017).

Public accountant reputation

Public accountant reputation is an assessment and public trust about a big name owned by an independent auditor in conducting an examination of financial statements. The company must obtain audit services from a KAP that has a good audit reputation in assessing financial statements so that the company does not experience information asymmetry. The business environment usually assumes that the Big-four public accountants is a good and reputable audit service provider (Nasser et al., 2006).

Users of financial statements have more confidence in audited financial statements audited by public accountants who are considered high quality compared to less qualified auditors (Fadhila, 2018).

Public accounting changes

Decree of the Minister of Finance No. 17/PMK.01/2008 General Accountant Service. This ordinance regulates the stipulation of general audit services six years in a row by an accounting firm and three years in a row by a public accountant by the same client.

Change of public accountant can be mandatory and voluntary. Mandatory changes are made because there is a government regulation that regulates public accountant changes obligations (Sugiarti dan Pramono, 2016). Meanwhile, voluntary changes are carried out if the client changes the auditor, when there are no regulations that oblige to do so change of auditors.

Hypothesis development**Audit committee size and audit fees**

Numerous unaccompanied audit committee represent suffice resources such monitoring function can run more successfully (Tambunan, 2021). Refers to income stand if surveillance is effectual, the inspect expenses paid to the general accounting firm are inexpensive due to risks borne for examiner in auditing the company's financial statements will be small (Umar, 2014).

In the study of Hasan and Nasar (2013) assigned witness that the audit committee adversely affects audit fees. The audit committee members tend to choose reputable accountants, despite the high audit fees paid (Wu et al., 2019). Januarti et al., (2020) assigned empirical substantiation that availability of the audit committee has a absolute impact on the level of audit expense. Rely on the approach used it can be hypothesized that:

H₁: Audit committee size positively influence audit fees.

Audit committee meetings and audit fees

The more audit committee direct gatherings, the more effective their role will be overseeing the preliminaries and presenment of integrated financial statements as a result, the more items will be uncovered in integrated financial statements (Vitolla et al., 2020).

Audit councils decidedly affected financial statement level (Zhang et al., 2007). The presence of a review board will build cost of audit. The audit committee as an independent supervisor expected high audit quality by using auditors from reputable public accountants and the audit committee will ensure that the audit process runs well to the desired quality level so that the audit fee will be higher (Rustam, 2015). Therefore, review expenses can be positive or negative rely on the methodology utilized. Based on that explanation, it can be hypothesized that:

H₂: The recurrence of audit committee meetings positively influences audit fees.

Audit committee expertise and audit fees

The ability of the review council is intended to degrade the testing carried out by the inspector so that review costs diminished (Hansen et al., 2021). Audit committee expertise has the ability to detect problems and risks so that risk assessment by the auditor external factors related to the financial reporting process will be reduced. Audit committee expertise is able to detect audit procedure problems and risks in a better way so that it will affect the amount of audit fees (Yatim et al., 2006). In study of Januarti et al., (2020) proved that the aptitude of the audit council has a negative influence on audit charges. Sourced on that argument, it can be hypothesized that:

H₃: Audit committee expertise negatively affected audit fees.

Public accountants reputation and audit fees

Public accountant reputation refers to the corporate image which comes over time. The public accountants are extensively grouped into two categories: Non-Big four audit firms as a non-reputable category and Big four audit firms as a reputable category (Taktak and Mbarki, 2014). Reputable public accountants generally have greater motivation to make the fewest mistakes and errors compared to unreputable public accountants (Bigus, 2015). Therefore, reputable public accountants perform audits of higher quality because they can assure their clients to report preferable quality of financial data (Aronmwan et al., 2013).

Hamzah (2005) and Mentari (2019) stated that public accounting firm holds the title of International need time saving time to complete the audit, however, reputable public accountants have audit fees higher than unreputable public accountants Based on that explanation, it can be hypothesized that:

H₄: Public Accountants reputation positively affects audit fees.

Public accountants changes and audit fees

Regulations regarding auditor rotation are made with the aim of improving audit quality based on the assumption that the longer the relationship between public accountants and their clients will reduce auditor independence (Nadia, 2015).

When a company replaces a public accountant, the first thing that a public accountant must do is add a more experienced member of the auditor to more quickly understand the new organizational's business surrounding and the audit risks of the enterprise it will cause high audit fees (Huang et al., 2017). Based on that explanation, it can be hypothesized that:

H₅: Public accountants changes positively affects audit fees.

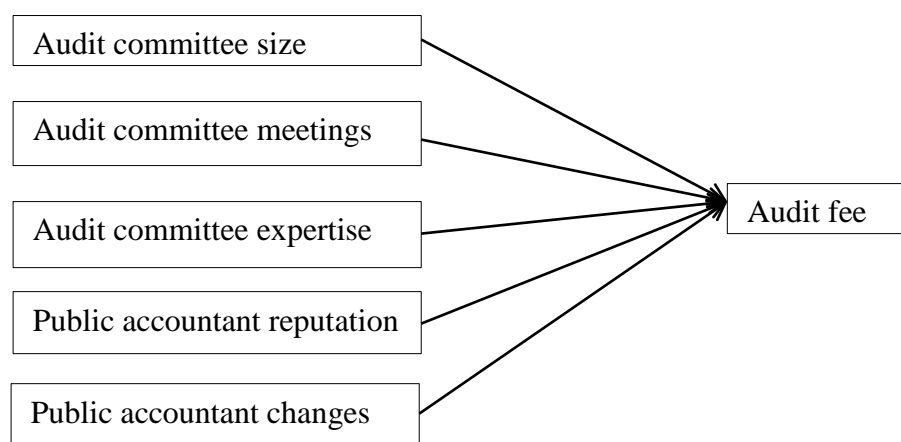


Figure 1. Research framework

RESEARCH METHOD

Secondary data collecting and processing

This research was established on manufacturing companies whose reported professional fees registered on the Indonesia Share Exchange for the 2018-2020. The preference of manufacturing companies is associated with the need for a large enough sample in this study.

Manufacturing enterprises are a category of companies that have quite a lot of sub categories compared to other categories. The selection of this research period is based on the availability of up-to-date data. The operational limitations in this exploration are:

1. The study was only manufacturing companies listed on the Indonesia Stock Exchange.
2. The research period is limited to 2018-2020
3. The enterprise's annual report includes audit fees.
4. The enterprise publishes an Annual Report for research period and include financial statements that have been examined by an Independent Auditor.
5. The currency utilized in the Financial Statements is Rupiah.
6. The company has complete data on research variables.

Variables and measurement

Dependent variable

Audit fees are costs that must incur by a company to pay for the services of an auditor who has audited the report the company's finances (Januarti and Wiryaningrum, 2018). Apocalypse of audit fees of companies registered in the Indonesia Stock Exchange in the yearly report is still rarely found.

According to previous researchers, the greater the fee received, the quality of the exam is high. Audit fee is measured by the amount of external audit fees, but because of the large fees external audit cannot be seen with certainty in the company's financial statements the researcher takes professional fees as the data to be used. Then this variable is calculated using the natural logarithm and measured by a ratio scale (Kurniasih and Rohman, 2014).

Independent variable

Audit committee size

Audit committee of companies registered on the Indonesia Stock Exchange consists of minimum of 3 members and is managed by a commissioner of an independent company with 2 independent outsiders (Dirman, 2020). The variable size of the review board in this study was estimated by the quantity of individuals on the review panel.

Audit committee meeting

The FCGI Guidelines (2002) state that audit committees should hold meetings least of all once in three months or at least four times meeting in one year. Variable frequency of audit committee meetings in this research is dummy variable. Giving code in accordance with the number of meetings recorded in the annual report (Putra, 2010).

Audit committee expertise

Audit committee members are required to be independent and at least one member has expertise in accounting or finance. Bapepam Decree Number Kep 29/PM/2004 which expresses: that something like one individual from the review board is somebody who has a bookkeeping or certification in money management.

Estimating the experience of review board under FCGI rules (2002) no less than one individual from the review council is an expert who has a decent comprehension of the business climate, have a comprehension of hazard and control, and master on comprehension of monetary announcing.

The monetary information on the review board of trustee individuals in this study is a spurious variable. The code for this variable is 1 (one) on the off chance that one individual from the review council is somebody who has scholarly foundation and involvement with

money, and 0 (zero) assuming none of the review board of trustee individuals has scholastic foundation and involvement with finance (Putra, 2010).

Public accountant reputation

According to the news published through the official website by Center for Development of Accountants and Appraisal Services (PPAJP) Ministry of Finance which including the big four public accounting firms in Indonesia are:

1. Affiliated Public Accounting Firm Purwantono, Sungkoro & Surja with Ernst and Young (E&Y)
2. Public Accounting Firm Tanudiredja, Wibisana, Rintis & their colleagues affiliated with Pricewaterhouse Coopers (PwC)
3. Public Accounting Firm Satrio Bing Eny & Partners affiliated with Deloitte Touche Thomatsu (Deloitte)
4. Public Accounting Firm Siddartha Widjaja & Affiliated Partners with Klynveld Peat Marwick Goerdeler (KPMG).

This variable uses a nominal measurement scale, i.e. number 1 to indicate the use of an Accountant's office Public Big 4 as well as the number 0 to indicate use Non Big Public Accounting Firm 4.

Public accounting changes

Company has a period of engagement with the same public accountant firm. The period of engagement between the auditor and the client related to audit services agreed upon or can also be analyzed as the period of the auditor's relationship and clients (Adriani et al., 2012) In article 3 in PP Regulation No. 20/2015 concerning the Practice of Public Accountants explains that public accounting firm is no longer limited to auditing a firm. The restriction only applies to AP, which is for 5 consecutive financial years. If the same / more than 5 years working relationship = 1 If less than 5 years = 0

Hypothesis testing

In the purpose of examining the hypothesis, this research using multiple regression analysis, The equation formed by using logistic regression is:

$$AUFEE_i = b_0 + b_1 ACSIZE_i + b_2 ACFREQ_i + b_3 ACEXP_i + b_4 PAREP_i + b_5 PACHA_i + e_i$$

Where:

AUFEE	: Company audit fees
ACSIZE	: Audit committee size
ACFREQ	: Audit committee meetings
ACEXP	: Audit committee expertise
PAREP	: Public accountant reputation
PACHA	: Public Accounting changes
e	: Error

RESULT AND DISCUSSION

This study utilizes information from organizations' fiscal summaries recorded on the Indonesia Stock Exchange and included in Manufacturing Companies during the 2018-2020 period. The population is 170 corporations, obtained a sample of 66 corporations according to

the specified criteria, so that the sample obtained for 3 years this is 198. It is visible from the following table:

Descriptive statistics

Table 1. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Fee	195	18.42	22.77	20.2492	.99344
Audit Committee Size	195	.69	1.79	1.1057	.12257
Audit Committee Meeting	195	1.10	3.97	1.6788	.53035
Audit Committee Expertise	195	1.10	1.39	1.3066	.12906
Valid N (Listwise)	195				

This table shows the descriptive statistic of this study, where two variables must be excluded to get data that passes the classical assumption. The result of remaining variables descriptive analysis of residual variables and data processing after the treatment of data outliers and data transformed with Ln. There is one outlier, and by using the Ln transformation, the number of data is reduced by one. Therefore, the total sample was originally 198 to 195 for the three years period and can be explained that:

The average value (mean) of the audit fees variable is 20.2492. The maximal and minimal level of companies' audit fees, which the maximum value of this variable is 22.77 for the minimum value is 18.22. The standard deviation of this audit fees variable is 0.99344.

The audit committee size has a base worth of 0.69 and a most extreme worth of 1.79. Then, the average value (mean) of audit committee size is 20.2492 The worth of the standard deviation of this variable is 0.12257, this figure is more modest than the mean worth, subsequently demonstrating the information is less varied.

The audit committee meeting has a minimal worth of 1.10 and a maximal worth of 3.97. Then, median value of audit committee is 1.6788. The output of the standard deviation is 0.53035, this figure is smaller than the median worth, thus indicating that the information is less varied.

The audit committee proficiency variable has a minimal worth which 1.10 and a maximal worth which 1.39. Then, the average value (mean) of audit committee expertise is 1.3066. The value of the standard deviation of this variable is 0.12906.

Classical assumption test

Normality test

Table 2. Normality test

Unstandardized Residual	
Significant Value	0.81 ^b

Table above shows, the result is that the value of asymp sig (2-tailed) is 0.81. The data is already normally distributed because 0.81 is already more than 0.05

Autocorrelation test

The results of the Durbin Watson test can be seen in table above. The Durbin-Watson column that the mark of d obtained is 1.974. The value of du which corresponds to the number of variables and amount of data in this test is 1.8742. If stated that $du < d < 4 - du$, it means that is no autocorrelation.

Table 3. Autocorrelation test

Model	Durbin-Watson
1	1.974

Multicollinearity test

The outcomes of this test in table above shows that it is obtained all variables have no multicollinearity issue because the tolerance worth greater than 0.1 and the VIF value is less than 10.

Table 4. Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Audit Committee Size	.953	1.049
Audit Committee Meeting	.954	1.049
Audit Committee Expertise	.995	1.005

Heteroscedasticity Test

From Table above, the significance of every variable has a value more than 0.05, which means there is no heteroscedasticity issue. Researcher removed two variables in heteroscedasticity test, namely public accountant reputation and public accounting changes because the result of the hetero test before and after data transform were repeated many times but variables did not pass the heteroscedasticity test and the value remained below 0.05.

Table 5. Heteroscedasticity test

Model		Unstandardized		Standardized	t	Sig.
		Coefficients				
		B	Std. Error	Beta		
1	(Constant)	.564	.532		1.060	.291
	Audit Committee Size	.438	.319	.101	1.374	.171
	Audit Committee	-.024	.074	-.024	-330	.742

Meeting Audit Committee Expertise	-.198	.296	-.048	-.669	.504
---	-------	------	-------	-------	------

a. Dependent Variable: Abs_Ln_Res

Hypothesis test result

Table 6. Regression result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.816	.927		17.066	.000
	ACSIZE	2.638	.556	.325	4.746	.000
	ACFREQ	.203	.128	.108	1.577	.116
	ACEXP	.900	.517	.117	1.743	.083

Based on table above, it is found that the multiple regression model of this study is as follows:

$$AUFEE = b_0 + 2638ACSIZE + 0.23ACFREQ + 0.900ACEXP$$

Description:

- AUFEE : Company audit fees
- ACSIZE : Audit committee size
- ACFREQ : Audit committee meetings
- ACEXP : Audit committee expertise

In the table above, it can be seen that the significance grade of the audit committee size (ACSIZE) is 0.001, Audit committee meeting (ACFREQ) is 0.116, and audit committee expertise (ACEXP) is 0.083. It can be stated that only audit committee size that have a prominent impact on audit fee (AUFEE). It is because only audit committee size significance value less than 0.05.

Table 7. F test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.506	3	9.169	10.681	.001 ^b
	Residual	163.957	191	.858		
	Total	191.462	194			

a. Dependent Variable: LN_AUFEE

b. Predictors: (Constant), LN_ACEXP, LN_ACFREQ, LN_ACSIZE

From table above, it is visible that the prominent of the f-test is less than 0.001. In light of these outcomes, it very well may be expressed that the free in this study jointly affect the reliant variable in light of the fact that the huge worth is under 0.05 or 0.001<0.05.

Table 8. Coefficient determinant

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.379 ^a	.144	.130	.92651

a. Predictors: (Constant), LN_ACEXP, LN_ACFREQ, LN_ACSIZE

From table above, the adjusted r square value is 0.130 or 13%. It means that the variables of audit committee size (ACSIZE), audit committee meeting (ACFREQ), and audit committee expertise (ACEXP) only affect audit fee (AUFEE) by 13%. Therefore, there are another 87% factors or variables outside this study that can describe audit fee.

Discussion of results

The effect of audit committee size on audit fees

In T-test, it could be visible that the importance price of the audit committee length variable is 0.001. This mark is less than 0.05, it visible that is prominent effect of audit committee size on review expense. The unstandardized coefficient beta of variable shows the number 2.638 so it can be seen that the resulting effect is positive. It means that the first hypothesis is accepted.

Members of many independent audit committees have shown sufficient resources to enable monitoring functions to be performed more effectively (Tambunan, 2021). On the company side, if supervision is enabled, the risk of the auditor auditing the organization's fiscal reports is low and audit fees paid to auditing firm are low (Umar, 2014).

Quantity of independent committee members is large high quality financial statements are likely to be produced (Ghafran and Sullivan, 2017). Meanwhile, a reputable public accountant will have a strong association with high-quality financial reports. Therefore, audit committee members are more likely to choose bookkeepers who even though the costs incurred will be high (Wu et al., 2019).

The result of this exploration is not in accordance with the study Hasan and Nasar (2013). However, this result is in accordance with the study of Januarti et al., (2020) that the presence of the audit committee has a positive impact on the amount of audit expenses.

The effect of audit committee meeting on audit fees

In T-test, it is visible that the huge worth of the audit committee meeting variable is 0.116. This value is greater than 0.05. So, it shows that there is no prominent impact of review committee gathering on audit fees. It intends that second hypothesis is rejected.

The result in this study indicate that how often audit committee members hold meetings does not affect the quantity of review fee paid to public accounting firms. Quantity of conference directed by the review committee is not effective in supervising company to rectify audit level. Since the consequences of the review council meeting are submitted to the leading group of chief, so that relies upon the leading group of magistrates to circle back to thought review board of trustees or not

In the end, when the review committee meeting a lot but there is no execute from the board of directors then the gathering the audit committee will not be effective overseeing the company's financial reporting. However, this study is not in a row with the study of Januarti et al., (2020) who found that audit committee had a positive and prominent impact on audit fees.

The effect of audit committee expertise on audit fees

In T-test, the significant value of audit committee expertise variable is 0.08 this value is above 0.05, so it shows that there is no critical impact of review panel skill on review fees. It intends that the level of audit committee's professionalism will not affect the number of audit fees.

The Audit Committee was laid out fully intent on helping the Commission in supporting the adequacy of the exhibition of obligations and administrative capacities in issues connecting with monetary announcing, inner and external management systems. Therefore, whoever is included in the audit committee, regardless of their educational background, will continue to carry out the same task, no matter what their educational background is. Therefore, the educational background will not affect audit expense.

This study is accordance with the study of Januarti et al., (2020) which tracked down that review advisory group skill cannot influence on audit fees. Many members of the Audit Committee with an academic background in economics, accounting, and finance have good internal controls and can keep audit fees low.

CONCLUSION

The result of this study concludes that (1) The size of the audit committee affects the audit fee, this proves that more number of audit committee members in the company will produce quality financial reports, the lower the company's audit fees, while from the side of the public accounting firm, the more audit committees, the higher audit fees will be; (2) Audit committee meeting is not influence audit fees, it means that no matter how many meetings are held by the audit committee, it will not affect the amount of audit fee; (3) Audit committee expertise is not influence audit fees, it means that no matter how high the level of expertise possessed by fellows of the audit committee, it will not affect the amount of audit fees. Related to audit fees if the company wants to reduce the amount of audit fees it will be better for them to consider about the audit committee size rather than audit committee meeting or audit committee expertise. This study is still far from perfect. Therefore, hoped that further research can add some other variables, add company sector other than manufacturing and use another tool in process the data to find better results.

REFERENCES

- Al-Najjar, B. (2011). The determinants of audit committee independence and activity: evidence from the UK. *International Journal of Auditing*, 191-203.
- Aronmwan, E., Asiriwa, O., Uwuigbe, U., & Uwuigbe, O. R. (2018). Audit committee attributes and audit quality: A benchmark analysis. *Business: theory and practice*, 37-48.
- Bedard, J., Chtourou, S. M., & Courteau, L. (2004). The effect of audit committee expertise, independence, and activity on aggressive earning management. *Journal of Practice & Theory*, 23 (2), 13-35.
- Bigus, J. (2015). Auditor reputation under different negligence regimes. *Abacus*, 51 (3), 356-378.
- Chariri, A., & Januarti, I. (2017). Audit committee characteristics and integrated reporting: empirical study of companies listed on the Johannesburg Stock Exchange. *European Research Studies Journal*, 20(4B), 305-3018.

- Dirman, A. (2020). Financial distress: the impact of institutional ownership, independent commissioners, managerial ownership, and audit committee. *International Journal of Management Studies and Social Science Research*, 2(4).
- Gammal, W. E. (2012). Determinants of audit fees: Evidence from Lebanon. *International Business Research*, 5(11), 136-145.
- Ghafran, C., & O'sullivan, N. (2017). Impact of audit committee expertise on audit quality: evidence from UK audit fees. *British Accounting Review*, 49 (6), 578-593.
- Haji, A. A. (2015). The role of audit committee attributes in intellectual capital disclosures: Evidence from Malaysia. *Managerial Auditing Journal*, 756-784.
- Hassan, Y. M., & Naser, K. (2013). Determinants of audit fees: Evidence form an emerging Economy. *International Business Research*, 6 .
- Hayes, R., Gortemaker, H., & Wallage, P. (2014). *Principles of auditing 3rd edition*. Pearson Education Limited.
- IAPI. (2016). Peraturan pengurus No. 2/2016 tentang penentuan imbalan jasa audit laporan keuangan.
- Januarti, I., Darsono, & Chariri, A. (2020). The relationship between audit committee effectiveness and audit fees: Insight from Indonesia. *Journal of Asian Finance, Economics and Business*, 7 , 179-185.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics* 3, 305-360.
- Keuangan, O. J. (2015). POJK No. 55/POJK.04/2015 Pembentukan dan pedoman pelaksanaan kerja komite audit. *Pemerintah Indonesia*.
- Keuangan, O. J. (2017). POJK No. 03/POJK/2017 Penggunaan jasa akuntan publik dalam kegiatan jasa keuangan.
- Lestari, D. I., Maryani, N., & Lestari, A. (2019). Pengaruh Due professional care dan kompetensi auditor terhadap kualitas audit. *Jurnal Riset Akuntansi Dan Keuangan*, 7 (2), 319-326.
- Li, J., Mangena, M., & Pike, R. (2012). The effect of audit committee characteristics on intellectual capital disclosure. *The British Accounting Review*, 98-110.
- Lidyah, R. (2018). Islamic corporate governance, islamicityfinancial performance index and fraudat islamic bank. *Jurnal Akuntansi*, 22(3), 437-453.
- Lisic, L. L., Neal, T. L., Zhang, I. X., & Zhang, Y. (2016). CEO power, internal control quality, and audit committee effectiveness in substance versus in form. *Contemporary Accounting Research*, 33 (3), 1911-3846.
- Musah, A. (2017). Determinants of audit fees in a developing economy: Evidence from Ghana. *International journal of Academic Research in Business and Social Sciences*, . 7, 2222-6990.
- Nasser, Abdul, & Wahid, E. A. (2006). Auditor-client relationship: The case of audittenure and auditor switching in Malaysia. *Managerial Auditing Journal*, 21 (7).
- Pertiwi, M. P. (2019). Pengaruh ukuran perusahaan, reputasi auditor, dan audit delay terhadap audit fee. *Jurnal Akuntansi, Audit dan Sistem Informasi akuntansi*, 3, 2655-8319.
- Pradhana, M. A., & Suputra, I. D. (2015). Pengaruh Audit fee, going concern, financial distress, ukuran perusahaan, pergantian manajemen pada pergantian auditor. *E-Jurnal Akuntansi Universitas Udayana*, 11 (3), 713-729.
- Sinaga, E. A., & Rachmawati, S. (2018). Besaran fee audit pada perusahaan yang terdaftar di Bursa Efek Indonesia. *Media Riset Akuntansi, Auditing & Informasi*, 18, 19-34.
- Suseno, N. S. (2013). An Empirical analysis of auditor independence and audit fees on audit quality. *International Journal of Management and Business Studies*, 3 (3), 082-087.

- Taktak, N. B., & Mbarki, I. (2014). Board characteristics, external auditing quality and earnings management evidence from the Tunisian banks. *Journal of Accounting in emerging economies*, 4(1).
- Vafeas, N., & Waagelein, J. F. (2007). The association between audit committees,. *Rev Quant Finan Acc* (2007), 241-255.
- Vitolla, F., Marrone, A., & Raimo, N. (2020). Integrated reporting and integrated thinking: a case study analysis. *Corporate Ownership & Control*, 18 (1).
- Wu, X. (2012). Corporate governance and audit fees: Evidence from companies listed on the Shanghai stock Exchange. *China Journal of Accounting Research*, 321-342.
- Yatim, P., Kent, P., & Clarkson, P. (2006). Governance structures, ethnicity, and audit fees of Malaysian listed firms. *Managerial Auditing Journal*, 21 (7) , 757 - 782.