

UNIVERSITI TEKNOLOGI MARA

**AUDITOR RELATED FACTORS ON AUDIT
REPORT LAG: THE ADOPTION OF MALAYSIAN
FINANCIAL REPORTING STANDARDS (MFRS)**

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ABSTRACT

The implementation of the new standards in accounting from IFRS in 2006 to MFRS in 2012 has presented a lot of challenges to auditors especially in timeliness and quality of the financial statement. In measuring timeliness of financial statement, audit report lag is the most important factor in reporting earnings of the company. Previous studies showed the adoption of new accounting standard have increased audit report lag and affected the timeliness of financial reporting. Thus, the objective of the research is to examine the effect of auditor related factors on audit report lag towards the adoption of Malaysian Financial Reporting Standards (MFRS). This research focuses on determining various auditor related factors including auditor industry specialization, auditor tenure, auditor type and auditor opinion. The sample size of the study consists of 1170 firm-year observations data for year 2010 to 2014 of 234 listed companies of Bursa Malaysia. Using panel data analysis, there is a significant positive relationship between auditor industry specialization and audit report lag. While, auditor type and auditor opinion showed significant negative relationship with the audit report lag. However, for the auditor tenure, there is no significant negative relationship between the auditor tenure and audit report lag. Future research should extend the number of company to all listed companies in Bursa Malaysia that are excluded the plantation, REITs and finance companies and adding on other variables such as non-audit services and auditor fee.

Keywords: audit report lag, Malaysian Financial Reporting Standards, panel data analysis

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