



## **ANALYSIS OF AUDIT FEE DETERMINANTS IN MANUFACTURING COMPANIES IN INDONESIA STOCK EXCHANGE**

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### **ABSTRACT**

*This study's objective is to investigate and offer empirical evidence concerning the impact of the Independent Board of Commissioners, Company Profitability, Company Complexity, Company Risk, and Internal Audit Function on Audit Fee. In this study, the population comprised of 153 Manufacturing Companies listed between 2017 and 2019 on the Indonesia Stock Exchange (IDX). In addition, the number of observations in this study comprised of 78 observations from 26 manufacturing companies listed on the IDX between 2017 and 2019, which were selected based on the sample selection criteria and the outcomes of the classical assumption test. Multiple regression equations were used to examine the study's data. Audit fees were not significantly affected by independent commissioners, company risk, or the internal audit function. It is evident from these data that the auditor's determination of the magnitude of the audit fee is influenced by the firm's level of profitability and complexity; consequently, the company must consider its complexity and financial performance to ensure that the audit fees it pays are suitable.*

**Keywords:** *Audit Fee, Independent Board of Commissioners, Company Profitability, Company Complexity, Company Risk, Internal Audit Function.*

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## INTRODUCTION

Public companies are required to submit annual financial statements to the Indonesia Stock Exchange (IDX). Financial statements can be viewed as instruments or records of financial information pertaining to a given period that are utilized to make crucial choices. The financial report is a description of the scenario that reflects the financial status, results of operations, and changes to the financial position, and is utilized for decision making (Pertiwi, 2019). For both internal and external decision-making, the financial statements contain a variety of information. Relevant, dependable, intelligible, and comparative are the four criteria that must be met for a financial report to be deemed valuable to its users (Fisabilillah et al., 2020). However, it is difficult to determine the quality of solid financial statements as a basis for decision-making. Users of information typically require the services of a third party, notably an external auditor, in order to confirm the validity of financial statements. The opinion of the external auditor should strengthen the confidence of all parties who use financial accounts to make decisions.

External auditors are auditors who are objective and independent of the influence of users of financial statements, including management and other stakeholders (Sinaga & Rachmawati, 2018). Auditors have a role in enhancing the quality and credibility of financial information and enhancing corporate governance. Regarding the auditing profession, external auditors are permitted to receive honoraria. The honorarium is also known as a fee. The audit fee is the amount of compensation received by the auditor for conducting audit work. An agreement between the auditor and auditee based on the time required, the number of staff, and the type of audit can determine the audit fee (El-Gammal, 2012 in Tat & Murdiawati, 2020). The fee may vary based on the risk of the assignment, the complexity of the services provided, the level of expertise required to perform the service, the KAP's fee structure, and other professional factors. This leads to negotiations between the client and the public accounting firm. This negotiation affects the determination of audit fees that are excessively high or too low, as it affects the amount of audit fees for each company that will be audited by a public accounting firm. Several factors, including an independent board of commissioners, company profitability, company complexity, company risk, and internal audit function, affect the size of the audit fee.

An independent board of commissioners or board of commissioners is a party that has no interest and relationship with the company. An independent board of commissioners within the company is tasked with supervising the performance of management, including overseeing the company's financial reporting. The existence of supervision from an independent board of commissioners has an impact on good corporate governance and also reduces financial reporting misstatements. (Tat & Murdiawati, 2020).

Profitability is a company's capacity to generate profits (profit) at a specified level of sales, assets, and share capital. According to Kasmir (2015), profitability is a ratio that measures a company's ability to seek profit or profit over a specific time period. Investors anticipate that the company's future will be marked by an increase in profitability. The administration desires that stakeholders are pleased with their performance, which is also reflected in an increase in company profitability. Profitability is therefore regarded as an essential indicator of management performance and a reflection of the efficient allocation of resources (El-Gammal, 2012).

The complexity of the company is related to the complexity of the transactions in the company. The complexity can come from transactions that know the number of subsidiaries and branches of the company, as well as the existence of business operations abroad (Rukmana et al, 2017 in Cristansy & Ardiati, 2018). A subsidiary or *subsidiary* in business matters is a higher company. Subsidiaries or branches of the company can be identified through the Financial Statements, namely in the Notes to the Financial Statements (Immanuel, 2014 in Cristansy & Ardiati, 2018).

The definition of risk is the chance and possibility of loss resulting from ambiguity regarding expected outcomes and varying actual outcomes (Vaughan and Vaughan, 2008 in Januarti & Wiryaningrum, 2018). Risk is the potential for loss due to unexpected effects or unanticipated events. This ambiguity increases the risk (Darmawi, 2014:21). Corporate risk is the risk that arises and has an effect on the company's survival or its stock price.

Internal audit is a function of independent evaluation within an organization that tests and evaluates organizational actions (Tugiman, 2006 in Putri & Utama, 2014). Internal audit is an independent and objective review of a company's operational activities performed by the internal audit unit to aid management in minimizing the occurrence of abnormalities (Yusica & Sulistyowati, 2020). According to Mulyadi (2008) in Elzan, et al (2015) in Ananda & Triyanto (2019), the internal audit function is an audit function and an assessment of the efficacy of the internal control structure, and it promotes the use of an effective internal control structure at the lowest possible cost.

## LITERATURE REVIEW AND HYPOTHESES FORMULATION

### *Agency Theory*

According to Agency Theory, agency relationships are formed when one or more people (principals) hire another person (agent) to perform a service and then delegate decision-making authority to the agent (Jensen & Meckling, 1976). The agency theory emphasizes the significance of company owners (shareholders) delegating management of the company to agents who are more adept at running their daily operations. The purpose of separating the management and ownership of a company is to provide the owner with the greatest possible profit at the lowest possible cost through the management of the company by professional personnel, who in this case act as agents of the shareholders.

### *Stewardship Theory*

Contrary to agency theory, which explains that agents and principals have divergent interests, resulting in information asymmetry issues. theory, Stewardship is a theory with psychological and sociological underpinnings that describes situations in which managers act as stewards and in the owners' best interests (Donaldson & Davis, 1991). The stewardship theory asserts that managers should not pursue their own interests, but rather the organization's interests for the common good. (Raharjo, 2007). This theory is founded on manager motivational considerations.

### **Audit Fee**

According to Cristansy & Ardiati (2018), *the audit fee* or fee for audit services is the fee received by the auditor from his client entity in connection with the provision of audit services. *Audit fees* are rewards in the form of money or other forms given to or received from clients or other parties to obtain engagements from clients or other parties. *The audit fee* is determined when there is a contract between the client and the auditor based on an agreement and is usually determined before starting the audit process (Agustini & Siregar, 2020).

### **Effect of Independent Board of Commissioners on Audit Fee**

The increasingly strong independent board of commissioners is one of the *governances* that tends to require public accountants to produce higher audit quality in order to increase the company's valuation in the eyes of shareholders. The independent commissioner's request for high audit quality means demanding *audit fee* for services from public accountants (Sukaniasih & Tenaya, 2016). Research conducted by (Wibowo, 2012) states that independent commissioners have a positive influence on *audit fees*. Hypothesis is formulated in this study as follows:

**H1: The Independent Board of Commissioners has a positive effect on the Audit fee**

### **Effect of Company Profitability on Audit Fee**

The profitability of the company that is the auditor's client will affect the amount of the audit fee because it is necessary to carry out validity testing which takes longer in audit work (Fisabilillah et al., 2020). The results of research conducted by Fisabilillah et al. (2020) and Januarti & Wiryaningrum (2018) show results that have a positive effect on profitability on *audit fees* because companies that have high levels of profit will usually pay high audit services

as well because auditors will apply for validity on revenue and expense recognition. Therefore, the auditor will need a longer time to carry out audit work because high company profitability is an important indicator of management performance and its efficiency in allocating available resources, so the auditor takes a long time to acknowledge certainty. Based on the theory and previous studies, the hypothesis is formulated in this study as follows:

## **H2: Company profitability has a positive effect on *audit fees***

### **Effects of company complexity on *audit fees***

The more complex the client company, the greater the risk and level of difficulty faced by the auditor because it requires more audit work. This will have an impact on *the audit fee* that will be received by the auditor (Tat & Murdiawati, 2020). Research conducted by Januarti & Wiryaningrum (2018), Tat & Murdiawati (2020), Yusica & Sulistyowati (2020), and Khasharmeh (2018) shows results that have a positive effect on company complexity on *audit fees*. It is stated that the more complex the activities within the company, the greater the *audit fee* to be paid. Companies with the condition that the more the number of subsidiaries owned, the higher the complexity of the company. This condition will make external auditors need more time and special expertise in auditing, thus having a major impact on the larger *audit fee*. Based on the theory and previous studies, the hypothesis is formulated in this study as follows:

## **H3: Company complexity has a positive effect on audit fees**

### **Effect of Company Risk on Audit Fee**

The company's risk will affect the size *audit fee* because external auditors require a higher level of ability and a longer time to do audit work if the client company has a higher risk. The results of research conducted by Ananda & Triyanto (2019) and Khasharmeh (2018) show results that have a positive effect on the company's risk of *audit fees* because *leverage* is expected to be able to provide information needed by creditors so that the auditor takes a long time and difficulty level. tall one. Therefore, it can affect external audit fees to be greater. In addition, a higher level of client risk will increase the auditor's efforts, thereby increasing the price of audit services. Based on the theory and previous studies, the hypothesis is formulated in this study as follows:

## **H4: Company risk has a positive effect on *audit fees***

### **Effect of Internal Audit Function on Audit Fee**

Internal Audit is one of the determinants of audit fees. A good and broad internal audit activity can emphasize problems in the management of the company. The involvement of internal audit in the company's control can minimize audit fees, because it supports the activities of external auditors (Yusica & Sulistyowati, 2020). Previous research related to *internal audit* conducted by (Yusica & Sulistyowati, 2020) and (Ananda & Triyanto, 2019) found that the results of the internal audit function has a negative effect on audit fees because the involvement of internal audit in company control will facilitate the implementation of the audit process carried out by external auditors so as to reduce audit costs. Based on the theory and previous studies, the hypothesis in this study is formulated as follows:

## **H5: *Internal audit* negative effect on *audit fees***

## RESEARCH METHODS

### Research Variables

This study's dependent variable is the Audit Fee, which is measured using the audit fee's natural logarithm (Pertiwi, 2019). (Yusica & Sulistyowati, 2020). The independent variable is the independent board of commissioners, which is determined by comparing the number of independent commissioners to the total number of commissioners (Tat & Murdiawati, 2020). Return on assets is used to determine the profitability of a corporation (ROA). This statistic is also employed by (Fisabilillah et al., 2020): the number of subsidiaries and branch firms owned by the client company indicates the company's complexity (Rukmana et al, 2017 in Cristansy & Ardiati, 2018), In this study, the ratio leverage represents the corporate risk. ratio The leverage ratio gauges the extent to which a corporation is financed by debt. ratio data In the financial statements, the statement of financial position contains information on leverage. 2012, according to Hanafi and Halim (Debt to Asset Ratio) DAR is the formula used by Januarti & Wiryaningrum (2018) to determine the proportion of a company's assets generated through debt. The Internal Audit Function is measured by the number of reports on internal audit operations submitted to the audit committee in one year (Princess & Utama, 2014).

**Table 1**  
**Operational Definition and Measurement Scale**

Research Variables	Indicators	Measurement Scale
<i>Audit fee</i> (AUFEE)	$\text{Ln} = \text{Audit fee}$	Nominal
<b>Independent Board of Commissioners (BoardInd)</b>	$\frac{\text{Number of independent commissioners}}{\text{Number of commissioners}} \times 100\%$	Ratio
(ROA)	$\frac{\text{Net Income}}{\text{Total Assets}}$	Ratio
(COMP)	<b>Total Number of Subsidiaries</b>	Nominal
<b>Risk of the Company (DAR)</b>	$\frac{\text{Total Debt}}{\text{Total Assets}}$	Ratio
<b>Function Internal (IA)</b>	<b>Activity Reports Internal Audit</b>	Nominal

### Population and Sample

The population used in this study were all manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017-2019. The sample used in this study is the annual report of manufacturing companies listed on the IDX during 2017 to 2019. Sampling was carried out using a *purposive sampling technique* that used special criteria in sampling with the aim of obtaining samples that matched the criteria determined by the researcher. The criteria determined by the researchers are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) and not delisted in 2017-2019.
2. Manufacturing Companies whose annual reports and financial reports can be accessed during the observation period (2017-2019).

3. Manufacturing companies that present their financial statements in Rupiah during the observation period (2017-2019).
4. Manufacturing companies that disclose the amount of *audit fees* and information related to other variables needed in this study in their annual reports and financial statements during the observation period (2017-2019).
5. Manufacturing companies that experienced profits during the observation period (2017-2019).

## DATA ANALYSIS METHODS

### A. Research Variables

The dependent variable used in this study is the *audit fee*. The audit fee data is calculated using the natural logarithm of the audit fee, as done by (Pertiwi, 2019), (Yusica & Sulistyowati, 2020). The purpose of using this natural logarithm is to minimize the difference in numbers that are too far from the data that has been obtained and set as the research sample.

### B. Analysis Techniques

This study uses multiple linear regression analysis statistical testing with the following regression model equation:

$$AUFEE = \alpha + \beta_1 (BoardInd) + \beta_2 (ROA) + \beta_3 (COMP) + \beta_4 (DAR) + \beta_5 (IA) + \varepsilon$$

Description:

AUFEE	= Audit Fee
$\alpha$	= Constanta
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$	= Coefficient of Dependent Variable
BoardInd	= Independent Board of Commissioners
ROA	= Return of Assets
COMP	= Number of subsidiaries
DAR	= Debt to Assets Ratio
IA	= Internal Audit Function
$\varepsilon$	= Error



## RESULT AND DISCUSSION

### Descriptive Statistical Analysis

**Table 2**  
**Multiple Regression Analysis Result**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
AUFEE	66	18.403	22.699	20.21320	1.025767
BoardInd	66	.200	.500	.39246	.079070
ROA	66	.053	22.287	5.78725	5.241062
COMP	66	0	34	4.45	7.256
DAR	66	.113	.845	.36161	.184616
IA	66	2	11	5.92	2.296
Valid N (listwise)	66				

Based on Table 2, it can be explained as follows:

#### a. *AUFEE*

Based on Table 2 it can be seen that the minimum and maximum values of the AUFEE variable are 18,403 and 22,699, respectively. The highest value was found at PT Semen Indonesia Tbk, where in 2018 Semen Indonesia paid Rp. 7,215,000,000 for the services of an independent auditor to conduct an audit on financial statements, and the lowest value was at PT Duta Pertiwi Nusantara Tbk, which in 2017 paid Rp. 98,252,000 for the services of an independent auditor to audit the financial statements.

The average value or *mean* of AUFEE is 20.21320, which means that the average value of *audit fees* paid by manufacturing companies in 2017-2019 is Rp. 698,000,000. Furthermore, the standard deviation value of AUFEE is 1.025767. The obtained standard deviation value of AUFEE shows a value smaller than the average value, which means that the distribution of the data is evenly distributed and the data for *the audit fee* in this study has a homogeneous data distribution.

#### b. *BoardInd*

Based on Table 2, it can be seen that the minimum and maximum values of the BoardInd variable are 0.200 and 0.500, respectively. The highest value is owned by several companies, namely, Arwana Citra Mulia Tbk, Shoes Bata Tbk, Beton Jaya Manunggal Tbk, Jembo cable company Tbk, Kino Indonesia Tbk, and Nusantara Inti Corpora Tbk which means that 50% of the members of the board of commissioners are independent commissioners. The lowest score is owned by Semen Baturaja (Persero) Tbk where as many as 20% of the members of the board of commissioners are independent commissioners.

The average value or *mean* from BoardInd is 0.39246, which means that the average manufacturing company in 2017-2019 has 39.24% independent board of commissioners in the board of commissioners. Furthermore, the standard deviation value of BoardInd is 0.079070. The standard deviation value obtained by BoardInd shows a value smaller than the average value, which means that the data distribution is evenly distributed and the data for BoardInd in this study has a homogeneous data distribution.

**c. ROA**

Based on Table 2, it can be seen that the minimum and maximum values of the ROA variable are 0.053 and 22.287, respectively. The highest value is owned by Delta Djakarta Tbk where the efficiency of the company in managing its assets to generate profits is 22.287%. The lowest value is owned by Sekar Bumi Tbk where the company's efficiency in managing its assets to generate profits is only 0.053%.

The average value or *mean* of ROA is 5.78725, which means that the average manufacturing company in 2017-2019 in managing its assets in order to generate profits is 5.78725%. Furthermore, the standard deviation of ROA is 5.241062. The ROA standard deviation value shows a value smaller than the average value which means that the data distribution is even and the data for BoardInd in this study has a homogeneous data distribution.

**d. COMP**

Based on Table 2, it can be seen that the minimum and maximum values of the COMP variable are 0 and 34 respectively. The highest value is owned by Semen Indonesia Tbk which in 2019 SMGR has 34 subsidiaries. The lowest scores are owned by several manufacturing companies, namely Akasha Wira International Tbk, Shoes Bata Tbk, Beton Jaya Manunggal Tbk, Mandom Indonesia Tbk and Indo Acitama Tbk, which means that the company does not have a subsidiary.

The average or *mean* of COMP is 4.45, which means that manufacturing companies in 2017-2019 have an average of 4 subsidiaries. Furthermore, the standard deviation of COMP is 7.256. The obtained COMP standard deviation value shows a value greater than the average value which means that the data distribution is heterogeneous.

**e. DAR**

Based on Table 2, it can be seen that the minimum and maximum values of the DAR variable are 0.113 and 0.845, respectively. The highest value is owned by Alaska Industrindo Tbk where the percentage of company assets obtained from debt is 84.5%. The lowest value is owned by Duta Pertiwi Nusantara Tbk where the percentage of company assets obtained from debt is 11.3%.

The average value or *mean* of DAR is 0.36161, which means that the average manufacturing company in 2017-2019 in obtaining company assets from debt is 36.161%. Furthermore, the value of the standard deviation of the DAR is 0.184616. The standard deviation value of the DAR shows a value smaller than the average value which means that the distribution of data is evenly distributed and the data for DAR effective in this study has a homogeneous data distribution.

**f. IA**

Based on Table 2, it can be seen that the minimum and maximum values of the IA variable are 2 and 11. The highest value is owned by Jembo Cable Company Tbk where the number of reports on internal audit activities submitted to the audit committee for one year is 11 activities. The lowest score is owned by Arwana Citra Mulia Tbk and Hartadinata Abadi Tbk, where the

number of reports on internal audit activities submitted by the audit committee for one year is 2 activities.

The average or *mean* of the IA is 5.92, which means that the average manufacturing company in 2017-2019 has 5-6 reports of internal audit activities reported in the financial statements. Furthermore, the standard deviation of the IA is 2.296. The standard deviation value of IA shows a value smaller than the average value which means that the distribution of data is evenly distributed and the data for ROA effective in this study has a homogeneous data distribution.

### Normality Test

**Table 3**  
**Normality Test Results**

<b>One-Sample Kolmogorov-Smirnov Test</b>		Unstandardized Residual
N		66
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.67340714
Most Extreme Differences	Absolute	.080
	Positive	.071
	Negative	-.080
Test Statistic		.080
Asymp. Sig. (2-tailed)		.200

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on Table 3 it can be stated that the data is normally distributed, because **the Asymp value. Sig. (2-tailed)** or the significance value is  $0.200 > 0.05$ .

### Multicollinearity Test

**Table 4**  
**Multicollinearity Test Results**

Model		Collinearity Statistics	
		Tolerance	VIF
1	BoardInd	.821	1.218
	ROA	.722	1.385
	COMP	.938	1.066
	DAR	.742	1.347
	IA	.815	1.227

a. Dependent Variable: AUFEE

Based on the results of the multicollinearity test in Table 4, it is known that the Tolerance value indicates that there is no independent variable that has a Tolerance value  $> 0.10$  which means there is no correlation between the independent variables and the results of the Variance Inflation Factor (VIF) calculation are also not present. independent variable that has a VIF value  $< 10$ , so it can be concluded that there is no multicollinearity between independent variables in this regression model.

## Heteroscedasticity Test

**Table 5**  
**Heteroscedasticity Test Results**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	.348	.292		1.192	.238
	BoardInd	1.251	.636	.259	1.966	.054
	ROA	-.018	.010	-.241	-1.718	.091
	COMP	-.003	.006	-.057	-.463	.645
	DAR	-.533	.287	-.258	-1.860	.068
	IA	.003	.022	.020	.150	.881

a. Dependent Variable: ABRESID

Based on the results of the heteroscedasticity test in Table IV.5, the results show that if the sig value is  $> 0.05$ , it means that each variable is free from heteroscedasticity. For the variable BoardInd it shows sig  $0.054 > 0.05$  which means it is free from heteroscedasticity, for the variable ROA it shows sig  $0.091 > 0.05$  which means it is free from heteroscedasticity, for the variable COMP sig  $0.645 > 0.05$  which means it is free from heteroscedasticity, for the variable DAR sig  $0.068 > 0.05$  which means free from heteroscedasticity, and for variable IA sig  $0.881 > 0.05$  which means free from heteroscedasticity.

## Autocorrelation Test

**Table 6**  
**Autocorrelation Test Results**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.754 <sup>a</sup>	.569	.533	.700904	.875

a. Predictors: (Constant), IA, COMP, DAR, BoardInd, ROA

b. Dependent Variable: AUFEE

Based on Table IV.7 the *Durbin-Watson* (DW) value shows 0.875 and is between -2 to +2 which means there is no autocorrelation.

## Simultaneous Test (F Test)

**Table 7**

### F Test

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.917	5	7.783	15.843	.000 <sup>b</sup>
	Residual	29.476	60	.491		
	Total	68.393	65			

a. Dependent Variable: AUFEE

b. Predictors: (Constant), IA, COMP, DAR, BoardInd, ROA

Based on the results of the SPSS output above, it shows the results of the F statistical test which explain that the resulting significance value is  $0.000 < 0.05$  and the comparison of Fcount and Ftable, namely  $15,843 > 2.27$ . Therefore, it can be concluded that  $H_0$  is Rejected, which means that the variables BoardInd, ROA, COMP, *Leverage*, and IA together (simultaneously) have a significant effect on *audit fees*.

### Coefficient of Determination Test ( $R^2$ )

**Table 8**

#### Determination Coefficient Test Results ( $R^2$ )

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.754 <sup>a</sup>	.569	.533	.700904	.875

a. Predictors: (Constant), IA, COMP, DAR, BoardInd, ROA  
b. Dependent Variable: AUFEE

Based on Table 8, the number of *Adjusted R-Square* ( $R^2$ ) is 0.533 or 53%. These results can give a conclusion to the researcher that the BoardInd, ROA, COMP, DAR, and IA variables can affect AUFEE by 53%.

### Partial Test (T Test)

**Table 9**

#### Partial Test Results (T Test)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.804	.556		35.617	.000
	BoardInd	-.614	1.213	-.047	-.506	.615
	ROA	.064	.020	.327	3.282	.002
	COMP	.094	.012	.668	7.632	.000
	DAR	.078	.547	.014	.143	.886
	IA	-.029	.042	-.064	-.684	.497

a. Dependent Variable: AUFEE

Based on the number t table with the provisions = 0.05 and dk (n-1) or (66-1) = 65 so that the value of t table = 1.99714, based on Table IV.9 it can be seen the influence of each variable as following:

#### 1. Effect of Independent Board of Commissioners on Audit Fee

Based on the table of t statistical test results, it can be seen that the magnitude of tcount for the BoardInd variable is 0.506 which is negative with ttable of 1.99714 or it can be said that the value of tcount < ttable and a significance value of 0.615 which is greater than the significance level 0.05. From the results of the t statistical test, it is stated that  $H_0$  is accepted and  $H_1$  is rejected. which means that the Independent Board of Commissioners has no significant effect on the *audit fee*.

## 2. The Effect of Company Profitability on Audit Fees

Based on the table of t statistical test results, it can be seen that the tcount for the ROA variable is 3.282 which is positive with ttable of 1.99714 or it can be said that the value of tcount > ttable and the significance value is 0.002 which is smaller than the 0.05 significance level. From the results of the t statistical test, it states that H0 is rejected and H2 is accepted, which means that profitability has a significant positive effect on *audit fees*.

## 3. The Effect of Company Complexity on Audit Fees

Based on the table of t statistical test results, it can be seen that the magnitude of tcount for the COMP variable is 7.632 which is positive with ttable of 1.99714 or it can be said that the value of tcount > ttable and the significance value is 0.000 which is smaller than the 0.05 significance level. From the results of the t statistical test, it states that H0 is rejected and H3 is accepted, which means that the complexity of the company has a significant positive effect on *audit fees*.

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

Based on the table of t statistical test results, it can be seen that the magnitude of tcount for the DAR variable of 0.143 is positive with ttable of 1.99714 or it can be said that the value of tcount < ttable and a significance value of 0.886 which is greater than the 0.05 significance level. From the results of the t statistical test, it is stated that H0 is accepted and H4 is rejected. which means that the company's risk does not have a significant effect on the *audit fee*.

## 5. Influence of Internal Audit on Audit Fee

Based on the table of t statistical test results, it can be seen that the tcount for the variable IA is 0.684 which is negative with ttable of 1.99714 or it can be said that the value of tcount > ttable and a significance value of 0.497 which is greater than the 0.05 significance level. From the results of the t statistical test, it is stated that H0 is accepted and H5 is rejected. which means that the Internal Audit has no significant effect on *the audit fee*.

## Multiple Linear Regression Model

**Table 10**  
**Multiple Linear Regression Model**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.804	.556		35.617	.000
	BoardInd	-.614	1.213	-.047	-.506	.615
	ROA	.064	.020	.327	3.282	.002
	COMP	.094	.012	.668	7.632	.000
	DAR	.078	.547	.014	.143	.886
	IA	-.029	.042	-.064	-.684	.497

a. Dependent Variable: AUFEE

Based on Table 10 we can enter into the multiple linear regression equation formula, namely:

$$\text{AUFEE} = 19.804 - (0.614 * \text{BoardInd}) + (0.064 * \text{ROA}) + (0.094 * \text{COMP}) + (0.078 * \text{DAR}) - (0.029 * \text{IA}) + e$$

From the multiple linear regression equation above, it can be explained as follows:

1. Constant ( $c$ ) = 19.804 indicates a constant value, where if the value of all independent variables is equal to zero, then the probability variable ( $Y$ ) has a fixed value of 19.804.
2. Board of commissioner's coefficient (BoardInd) = -0.614. This means that for every additional BoardInd of one unit, the *audit fee* will increase by 0.614 times with the assumption that other variables do not change. In addition, the coefficient has a negative direction which means that there is a negative relationship between BoardInd and AUFEE. This means that the greater the BoardInd, the lower the AUFEE.
3. The company's profitability coefficient (ROA) = 0.064, this means that for each additional ROA of one unit, the *audit fee* will increase by 0.064 times assuming other variables do not change. In addition, the coefficient has a positive direction which means that there is a positive relationship between ROA and AUFEE. This means that the greater the ROA, the greater the AUFEE.
4. The company complexity coefficient (COMP) = 0.094, this means that for every additional COMP of one unit, the *audit fee* will increase by 0.094 times with the assumption that other variables do not change. In addition, the coefficient has a positive direction which means that there is a positive relationship between COMP and AUFEE. This means that the greater the COMP, the higher the AUFEE.
5. The company risk coefficient (DAR) = 0.078, this means that for each additional DAR of one unit, the *audit fee* will decrease by 0.078 times assuming other variables do not change. In addition, the coefficient has a positive direction which means that there is a positive relationship between DAR and AUFEE. This means that the greater the DAR, the greater the AUFEE.
6. Internal audit coefficient (IA) = -0.029, this means that for each additional IA of one unit, the *audit fee* will decrease by 0.029 times with the assumption that other variables do not change. In addition, the coefficient has a negative direction which means that there is a negative relationship between IA and AUFEE. This means that the greater the IA, the decrease in AUFEE.

## CONCLUSION

### Conclusion

The purpose of this study was to determine the impact of independent commissioners, company profitability, company complexity, company risk, and internal audit function on audit fees in 2017-2019 for manufacturing companies listed on the Indonesia Stock Exchange. Based on the results of the performed data analysis, the following are the conclusions that can be drawn from this study:

1. In the period of 2017-2019, the independent board of commissioners has no significant impact on the determination of audit fees for manufacturing companies listed on the Indonesia Stock Exchange.
2. The profitability of the company has a significant positive impact on the determination of audit fees for manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019.
3. In 2017-2019, the complexity of the company has a significant positive effect on the determination of audit fees for Indonesia Stock Exchange-listed manufacturing companies.
4. In 2017-2019, the company's debt risk has no significant impact on the determination of audit fees for manufacturing companies listed on the Indonesia Stock Exchange.
5. The impact of internal audit on the determination of audit fees for manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019 is negligible.

### Suggestions

For future research, it is suggested to:

1. Consider extending the range of the observation period so that the development of the amount of audit fees paid by the company can be observed; and consider researching companies other than manufacturing companies.
2. Beginning the research period after 2017 due to the trend of manufacturing companies including audit fees, which began in 2018, so that the small number of companies that included audit fees in 2017 reduces the total final observation.
3. Adding other variables, both internal and external factors of the company that can influence the audit fee, such as company size, earnings management, etc., and comparing them to other measurement models.
4. Adding the company's risk to the debt risk when determining the audit fee (leverage).
5. Testing data processing using Smartpls and E-Views because this application can disregard the traditional assumption test, allowing for the testing of actual sample data.