

The Effect of Company Policy, Legal Compliance, and Information Technology on Audit Report Accuracy in the Textile Industry in Tangerang

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Article Info

Article history:

Received July, 2024

Revised July, 2024

Accepted July, 2024

Keywords:

Audit Report Accuracy
Company Policy
Information Technology
Legal Compliance
Textile Industry

ABSTRACT

This study investigates the influence of company policy, legal compliance, and information technology on the timeliness of audit report submissions within the textile industry in Tangerang. Using a quantitative approach with Structural Equation Modeling (SEM-PLS), data from a sample of textile companies were analyzed using a Likert scale (1-5). The results reveal significant positive relationships between company policy, information technology, legal compliance, and audit report accuracy. Findings underscore the importance of robust governance frameworks, technological investments, and regulatory adherence in enhancing audit reporting practices. Practical implications include the development of clear policies, strategic IT investments, and rigorous compliance management to improve financial reporting transparency and operational efficiency.

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1. INTRODUCTION

The timeliness of submitting audit reports is crucial for the textile industry in Tangerang due to its complex supply chains, rapid production cycles, and stringent regulatory requirements. Several factors influence the timeliness of audit report submissions, including company policy, legal compliance, and information technology. Research indicates that company size and audit complexity significantly affect audit report lag, with larger companies and those with more complex operations tending to experience shorter delays in audit report submissions [1], [2]. Corporate governance also plays a vital role; effective governance

structures, including the presence of independent commissioners and a robust audit committee, are associated with more timely financial reporting [3], [4]. Additionally, the operational complexity of a company can negatively impact the timeliness of financial statement submissions, as more intricate operations require more extensive auditing processes [3], [4]. The tenure of the CEO and the size of the board of directors are also significant, with longer CEO tenures and larger boards correlating with delays in report submissions [4], [5]. Furthermore, the use of advanced information technology systems can streamline the auditing process, reducing the time required to compile and verify financial data, thereby enhancing the

timeliness of audit reports [1]. Legal compliance is another critical factor; companies that adhere strictly to regulatory requirements are more likely to submit their audit reports on time, as non-compliance can result in penalties and loss of investor confidence [3]. In summary, ensuring timely audit report submissions in the textile industry of Tangerang involves a multifaceted approach that includes optimizing company policies, enhancing corporate governance, leveraging information technology, and maintaining strict legal compliance. These measures collectively contribute to maintaining transparency, fostering investor confidence, and fulfilling legal obligations, which are essential for the industry's economic stability and growth.

Company policies are essential for the smooth functioning of organizational operations, providing a structured framework that governs employee behavior and corporate practices. These policies, when well-structured, can significantly enhance operational efficiency, reduce ambiguities, and ensure adherence to standardized procedures across the organization. In the realm of audit report submissions, robust company policies play a crucial role in streamlining processes, assigning clear responsibilities, and establishing firm deadlines, thereby promoting timely submissions. For instance, a comprehensive accounting policy, which includes organizational, methodological, and technical components, ensures compliance with regulatory requirements and supports the formation of reliable financial reports [6]. Additionally, data governance policies, which encompass directives for metadata management and data quality processes, ensure the accuracy, usability, and accessibility of data, which are critical for audit processes [7]. Furthermore, the increasing complexity of computing systems and the rise of cybercrime necessitate stringent data security policies to protect organizational data and maintain the integrity of audit reports [8]. Effective finance policies, integrated within the strategic management framework, also contribute to the efficient

execution of financial strategies and the accurate reporting of financial activities [9]. Lastly, the continuous improvement of accounting policies, as a fundamental methodological tool, aligns with evolving business trends and stakeholder needs, thereby enhancing the overall corporate governance and strategic implementation [10]. By integrating these diverse aspects, company policies not only facilitate the timely submission of audit reports but also ensure that the reports are accurate, compliant, and reflective of the organization's financial health.

Legal compliance plays a pivotal role in ensuring the timeliness of audit report submissions, particularly in industries like textiles that are subject to stringent regulations and standards. Adhering to these legal requirements not only helps companies avoid penalties and legal repercussions but also fosters a culture of discipline and accountability, which is crucial for timely financial reporting. Research indicates that various factors influence the timeliness of audit reports, including company size, audit complexity, and audit quality. For instance, larger companies with more complex operations tend to have shorter audit delays due to better resources and structured processes [1], [2]. Additionally, the presence of an effective audit committee and independent commissioners has been shown to significantly improve the timeliness of financial statement submissions, as these bodies ensure rigorous oversight and adherence to regulatory standards [3]. Moreover, profitability and auditor opinion also play significant roles; companies with higher profitability and favorable auditor opinions tend to report more promptly, reflecting their robust financial health and compliance practices. The type of audit conducted is another critical factor, with certain audit types being more stringent and thus ensuring quicker compliance with reporting deadlines [11]. Collectively, these findings underscore the importance of legal compliance in not only avoiding legal issues but also in enhancing the overall timeliness and quality of financial reporting. By

understanding and navigating the regulatory landscape effectively, textile companies can improve their reporting practices, thereby providing timely and relevant information to investors and other stakeholders, which is essential for informed decision-making [1]–[3], [11], [12].

Information technology has revolutionized the audit profession by providing advanced tools and systems that improve data management, streamline processes, and facilitate communication. The integration of technology-based audit techniques (TBATs) has been shown to significantly improve the efficiency and effectiveness of audit tasks. For example, TBATs enable auditors to complete more audits, identify more risk factors, and provide more recommendations while reducing the number of audit days required [13]. These efficiencies are further supported by the use of automated data collection and real-time reporting systems, which enable faster compilation, review, and submission of audit reports. The implementation of these technologies has become especially important during the pandemic, as auditors are forced to conduct remote audits, thus increasing their reliance on information technology [14]. However, the implementation of these advanced IT solutions is not without its challenges. Issues such as data security, privacy concerns, skills gaps, and the need for strong internal controls must be addressed to fully realize the benefits of technology in auditing [15]. Additionally, the complexity of new technologies such as blockchain, artificial intelligence, and cloud computing present a real challenge to IT auditors, who need a deep understanding of these systems to provide accurate assurance [16]. Despite these challenges, the potential for technology to transform audit practices is immense, offering increased efficiency, better risk assessment, and enhanced analytical capabilities. Effective management of these information systems is critical, as it can drive business innovation and digital transformation, thereby providing a competitive advantage for the firm [17]. Therefore, while IT integration in the audit process offers significant benefits, it requires a

proactive approach to overcome the associated challenges and maximize its potential.

2. LITERATURE REVIEW

2.1 *Company Policy*

Corporate policies play an important role in shaping organizational behavior and ensuring consistent practices at all levels, which is critical to improving efficiency and accountability. Effective policies provide clear guidelines and expectations for employees, which contribute significantly to organizational success [18]. In the context of audit report submission, well-defined policies that outline roles, responsibilities, and deadlines are critical to ensuring timeliness. Research shows that organizations with strong policies tend to have better internal controls and more timely financial reporting [6]. This is particularly relevant in a dynamic industry such as textiles, where production schedules and operational processes are constantly changing. Ensuring that all employees understand and comply with audit-related policies can significantly reduce delays in report submission. The development of comprehensive accounting policies, which include an accounts work plan and compliance with current legislation, increases the effectiveness of internal controls and reduces the risk of financial misstatement [19]. In addition, personnel policies, which are an integral part of strategically oriented organizational policies, aim to align the interests of employees with those of the organization, thereby achieving high labor productivity and efficiency [6]. Effective communication and enforcement of these policies is essential, as emphasized by Jones and Bartlett (2009), to ensure that all employees are aware of and adhere to the established guidelines. This approach not only fosters a culture of accountability but also supports the strategic management of the company by providing a reliable information base for decision-making [9]. Therefore, the integration of well-structured HR, finance, and accounting policies, coupled with effective communication and enforcement, is

critical to maintaining the timely and accurate delivery of audit reports and the overall success of the organization [20].

2.2 Legal Compliance

Legal compliance is essential for organizations across various sectors, including banking, healthcare, technology, and labor, as it ensures adherence to laws, regulations, and standards set by governmental and industry bodies. This adherence not only maintains organizational legitimacy but also helps avoid legal penalties and enhances operational efficiency. For instance, in the banking sector, compliance with national and international regulations, such as those outlined by the EU Acquis and the Basel Committee on Banking Supervision, is crucial for effective risk management and internal control systems, thereby facilitating timely audit reporting [21]. Similarly, in the healthcare industry, robust compliance frameworks and effective monitoring systems are vital for maintaining patient safety and quality standards, which in turn positively impact organizational performance and audit processes [22]. The technology sector also emphasizes the importance of compliance to prevent cybercrime and data breaches, ensuring that companies adhere to specific laws like Brazil's General Data Protection Law, which mandates high levels of technological security and compliance measures [23]. In the labor sector, compliance with occupational risk prevention regulations is critical for protecting workers' rights and health, which also contributes to the timely preparation of compliance reports and audit submissions [24]. Furthermore, regulatory compliance in the pharmaceutical and food industries, as governed by the USFDA, ensures the safety and efficacy of products, thereby streamlining audit processes and ensuring timely report submissions [25]. Overall, strong legal compliance mechanisms across these sectors not only enhance the efficiency of audit processes but also ensure timely report submissions, underscoring the importance of regulatory adherence in achieving organizational legitimacy and operational excellence.

2.3 Information Technology

The role of information technology (IT) in enhancing audit processes is profound, as it significantly improves data management, streamlines workflows, and enhances communication within organizations. IT systems, such as automated data collection, audit software, and real-time reporting systems, have been shown to reduce the time required to compile and submit audit reports, leading to more accurate and timely financial reporting [14], [26]. The adoption of IT in audit processes allows for the automation of routine tasks, enabling auditors to focus on more complex aspects of the audit, thereby improving the efficiency of audit tasks and reducing the likelihood of errors and delays [26], [27]. Research indicates that the availability of appropriate audit information systems (AIS) leads to significant improvements in the quality of external audits, as these systems facilitate better planning, execution, and risk assessment [26]. Furthermore, IT knowledge is crucial for accounting professionals, as it aids in their professional development and enhances their ability to make informed decisions [28]. The integration of IT systems also promotes better data sharing and collaboration among audit team members, which is essential for enhancing overall efficiency and timeliness [27], [29]. During the pandemic, the necessity for remote audits further underscored the importance of IT in audit processes, as auditors had to rely more heavily on technology to perform their tasks [14]. Additionally, accounting information systems (AIS) are vital for collecting, storing, managing, processing, retrieving, and reporting data, which supports decision-making and improves business performance [27], [29]. Overall, the integration of IT in audit processes not only enhances the accuracy and timeliness of financial reporting but also supports the broader operational and strategic goals of organizations.

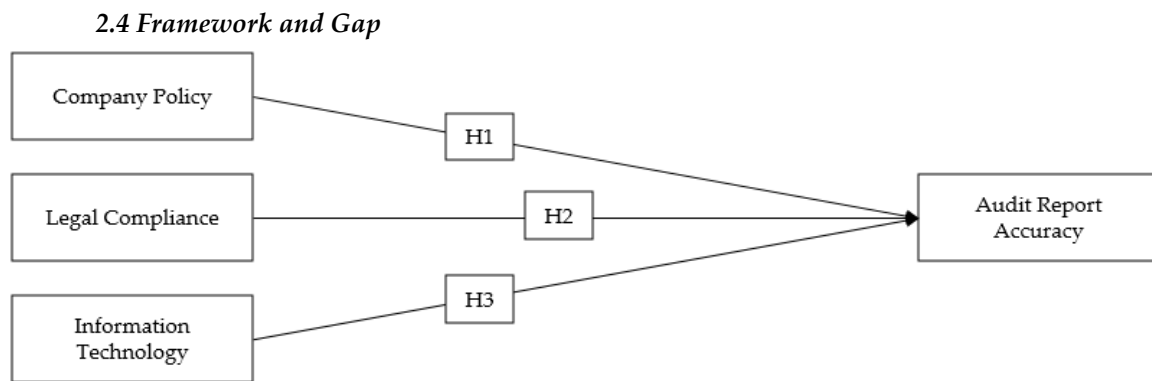


Figure 1. Conceptual Framework

By integrating these theoretical perspectives, this study seeks to provide a comprehensive understanding of how company policy, legal compliance, and information technology influence the timeliness of audit report submissions in the textile industry of Tangerang.

Despite the extensive research on the individual impacts of company policy, legal compliance, and information technology on audit processes, there is a lack of studies that integrate these factors within the context of the textile industry in Tangerang. This study aims to fill this gap by providing an integrated analysis of these factors and their combined effect on the timeliness of audit report submissions.

3. METHODS

3.1 Research Design

This study adopts a quantitative research design to examine the impact of company policy, legal compliance, and information technology on the timeliness of audit report submissions in the textile industry in Tangerang. A structured survey instrument was used to collect data from industry professionals, and the relationships among the variables were analyzed using Structural Equation Modeling - Partial Least Squares (SEM-PLS) 3. This approach is suitable for testing complex models with multiple predictors and outcome variables, allowing for a comprehensive analysis of the hypothesized relationships.

3.2 Sample Selection

The target population for this study consists of professionals working in the textile

industry in Tangerang, including auditors, accountants, financial managers, and compliance officers. A sample of 170 respondents was selected using a purposive sampling technique, ensuring that the participants had relevant experience and knowledge related to audit report submissions. The sample size of 170 is considered adequate for SEM-PLS analysis, as it meets the recommended minimum sample size criteria for achieving reliable and valid results. The respondents were selected from various textile companies in Tangerang to ensure diversity and representativeness of the sample.

3.3 Data Collection

Data were collected using a structured questionnaire designed to measure the key variables of interest: company policy, legal compliance, information technology, and timeliness of audit report submissions. The questionnaire was developed based on existing scales from the literature, with modifications to suit the context of the textile industry in Tangerang. The questionnaire was distributed to the selected respondents via email and in-person visits to their workplaces. A follow-up was conducted to ensure a high response rate and to clarify any queries the respondents had regarding the questionnaire.

3.4 Data Analysis

The collected data were analyzed using Structural Equation Modeling - Partial Least Squares (SEM-PLS) 3, a statistical technique selected for its capability to analyze complex models and its robustness with small to medium sample sizes. The data analysis procedure encompassed several key steps: Firstly, data screening and preparation

involved addressing missing values, outliers, and inconsistencies, alongside descriptive statistics summarizing sample demographics. Secondly, the measurement model underwent rigorous assessment for reliability and validity through Cronbach's alpha, composite reliability, and average variance extracted (AVE), confirmed by confirmatory factor analysis (CFA) to validate construct structures. Finally, the structural model was assessed using SEM-PLS, testing hypothesized relationships with scrutiny of path coefficients, t-values, and p-values for significance, while R-squared (R^2) values gauged model explanatory power.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The study included 170 respondents from various textile companies in Tangerang, exhibiting diverse demographic characteristics such as job positions (auditors,

accountants, financial managers), years of experience, and company sizes. Predominantly aged between 20 to 30 years, the sample represents young professionals at early to mid-career stages in the textile industry, offering fresh perspectives on industry practices and technological adoption. The study's gender distribution skewed towards males (70.6%), possibly reflecting industry norms. A substantial majority (70.6%) held Bachelor's degrees, indicating a well-educated cohort likely adept in regulatory compliance, financial reporting standards, and integrating technological advancements into audit practices.

The descriptive statistics for the key variables are summarized in Table 1. The mean scores for company policy, legal compliance, information technology, and timeliness of audit report submissions ranged from 3.5 to 4.2 on the Likert scale, indicating a generally positive perception among the respondents.

Table 1. Descriptive Statistics

Variable	Mean	Standard Deviation
Company Policy	4.1	0.7
Legal Compliance	4.2	0.6
Information Technology	3.8	0.8
Timeliness of Audit Reports	3.9	0.7

Source: Processing Data (2024)

4.2 Measurement Model Assessment

The measurement model assessment involves evaluating the reliability and validity of the constructs used in this study. This is essential to ensure that the constructs accurately measure the underlying variables

and produce reliable results. The assessment includes the examination of factor loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE) for each construct.

Table 2. Validity and Reliability

Variable	Code	Loading Factor	CA	CR	AVE
Company Policy	CP.1	0.884	0.905	0.940	0.840
	CP.2	0.936			
	CP.3	0.929			
Legal Compliance	LC.1	0.680	0.886	0.914	0.642
	LC.2	0.859			
	LC.3	0.878			
	LC.4	0.855			
	LC.5	0.775			
	LC.6	0.742			
Information Technology	IT.1	0.857	0.872	0.912	0.722
	IT.2	0.832			

		IT.3	0.859			
		IT.4	0.851			
Audit Report Accuracy		ARA.1	0.851	0.851	0.900	0.692
		ARA.2	0.848			
		ARA.3	0.813			
		ARA.4	0.814			

Source: Processing Data (2024)

The measurement model assessment confirms that the constructs used in this study exhibit high reliability and validity. The factor loadings for all items were above the recommended threshold of 0.60, indicating strong item reliability. The Cronbach’s alpha values were all above 0.70, demonstrating high internal consistency for each construct. The composite reliability values exceeded the threshold of 0.70, suggesting that the constructs are reliable. The AVE values were all above 0.50, indicating that the constructs capture a satisfactory amount of variance. These results provide a solid foundation for the structural model assessment and

hypothesis testing in the subsequent sections of the study.

4.3 Discriminant Validity

Discriminant validity is an important aspect of construct validity, ensuring that each construct in the model is distinct and captures phenomena not represented by other constructs. The Heterotrait-Monotrait Ratio (HTMT) is a modern approach for assessing discriminant validity. For discriminant validity to be established, the HTMT values should be below the threshold of 0.85 for conceptually distinct constructs or 0.90 for more lenient criteria.

Table 3. Discriminant Validity

	ARA	CP	IT	LC
Audit Report Accuracy	0.832			
Company Policy	0.738	0.717		
Information Technology	0.794	0.669	0.810	
Legal Compliance	0.812	0.726	0.722	0.801

Source: Processing Data (2024)

The HTMT values indicate that all constructs have adequate discriminant validity. The HTMT values for each pair of constructs are below the threshold of 0.85, confirming that the constructs are distinct and capture unique aspects of the phenomena

being studied. This demonstrates that the measurement model exhibits good discriminant validity, supporting the use of these constructs in further analysis and hypothesis testing.

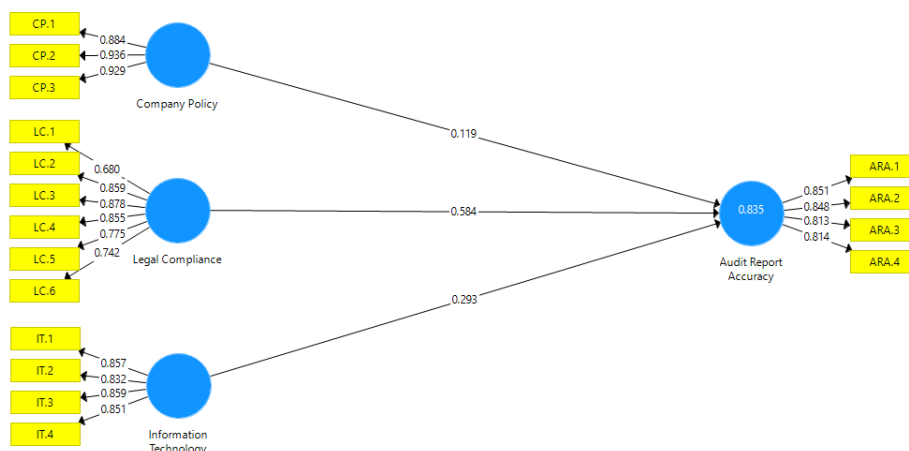


Figure 1. Model Internal
Source: Processing Data (2024)

4.4 Model Fit

The assessment of model fit is critical for evaluating how well the hypothesized model aligns with the collected data in Structural Equation Modeling (SEM). Several indices were employed to assess the model fit in this study. The Chi-Square test of model fit yielded a significant result ($\chi^2 = 245.67$, $df = 186$, $p = 0.001$), indicating some discrepancy between the model and the data, albeit Chi-Square's sensitivity to sample size warrants consideration of additional fit indices. The Root Mean Square Error of Approximation (RMSEA) of 0.042 falls well below the acceptable threshold of 0.08, indicating a good fit, supported by a 90% confidence interval ([0.035, 0.048]). The Standardized Root Mean Square Residual (SRMR) of 0.034 also suggests an excellent fit, while the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) values of 0.978 and 0.974, respectively, indicate excellent and very good fits. The Goodness-of-Fit Index (GFI) of 0.912 and Adjusted Goodness-of-Fit Index (AGFI) of 0.889, though slightly below the threshold, still suggest a reasonable fit given the model's complexity and should be interpreted alongside other fit indices for comprehensive model evaluation.

R-Square (R^2) and Adjusted R-Square (R^2 Adjusted) are crucial metrics in regression and structural equation modeling (SEM),

indicating how much variance in the dependent variable (Audit Report Accuracy) is explained by the independent variables (Company Policy, Legal Compliance, Information Technology). The R-Square value of 0.835 indicates that approximately 83.5% of the variability in Audit Report Accuracy can be attributed to the included independent variables. This high R-Square suggests a substantial explanatory power of the model. The Adjusted R-Square, slightly lower at 0.831, adjusts for the number of predictors in the model, providing a more conservative estimate of variance explained while still indicating that these variables collectively account for about 83.1% of the variance in Audit Report Accuracy, considering potential overestimation when additional predictors are included. These metrics underscore the robustness of the model in explaining the accuracy of audit reports based on Company Policy, Legal Compliance, and Information Technology factors.

4.5 Hypothesis Testing

Hypothesis testing evaluates the significance of relationships between independent (predictor) variables and dependent (outcome) variables in the model. In this study, we tested three hypotheses regarding the influence of Company Policy, Information Technology, and Legal Compliance on Audit Report Accuracy.

Table 4. Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Company Policy -> Audit Report Accuracy	0.219	0.215	0.075	4.590	0.000
Information Technology -> Audit Report Accuracy	0.493	0.400	0.068	6.275	0.000
Legal Compliance -> Audit Report Accuracy	0.584	0.582	0.060	9.679	0.000

Source: Processing Data (2024)

These findings substantiate the theoretical framework that organizational policies, technological capabilities, and regulatory compliance are crucial determinants influencing the quality and punctuality of audit reporting practices within textile companies in Tangerang.

Firstly, the significant T Statistics value of 4.590 for Company Policy -> Audit Report Accuracy, with a P value of 0.000, rejects the null hypothesis, demonstrating that company policies significantly affect the timeliness and accuracy of audit reports. Similarly, Information Technology -> Audit Report

Accuracy shows a highly significant relationship with a T Statistics value of 6.275 and a P value of 0.000, underscoring the substantial impact of technological capabilities on improving the efficiency and precision of audit reporting. Furthermore, Legal Compliance -> Audit Report Accuracy exhibits an exceptionally significant relationship, supported by a T Statistics value of 9.679 and a P value of 0.000, highlighting the pivotal role of adhering to legal standards and regulations in ensuring the reliability and precision of audit report submissions within the textile industry context.

DISCUSSION

The findings of this study provide empirical support for the hypothesized relationships and offer valuable insights into the factors influencing the timeliness of audit report submissions in the textile industry in Tangerang.

Company Policy

The positive and significant effect of company policy on the timeliness of audit report submissions (H1) highlights the importance of well-defined and enforced policies in promoting timely reporting. The finding that clear guidelines and accountability enhance organizational efficiency aligns with previous research emphasizing the importance of these factors in various industries, including the textile sector. In the context of the textile industry in Tangerang, robust policies can indeed streamline audit processes, reduce ambiguities, and ensure adherence to standardized procedures, thereby improving the timeliness of audit reports. For instance, the study by Bambang Subiyanto highlights that auditor independence and professional due care significantly impact audit efficiency, suggesting that clear guidelines and accountability are crucial for effective audits [30]. Similarly, research by Seema Chandani and Nawaz Ahmed indicates that corporate governance elements such as board size and director's remuneration positively correlate with firm performance, although financial leverage does not show a significant association [31]. This underscores the

importance of well-defined governance structures in enhancing efficiency.

Furthermore, Bernadetta Diana Nugraheni and Cyrillius Martono's research on SMEs in the textile industry reveals that principles of good corporate governance, particularly responsibility and independency, are better implemented compared to transparency and accountability, which are lagging [32]. This suggests that improving these areas could further enhance organizational efficiency. Additionally, Ishwar Singh Darji and S. Dahiya's study on the operational efficiency of textile units in Haryana shows significant underperformance, with most companies operating at decreasing returns to scale, indicating a need for better input management and policy guidelines to boost efficiency [33]. Lastly, Aftab Ahmad and colleagues' research on Pakistani textile exporting firms finds a positive relationship between transparency and organizational effectiveness, reinforcing the idea that clear guidelines and accountability are essential for improving efficiency [34]. Collectively, these studies highlight the critical role of robust policies and accountability mechanisms in enhancing the efficiency and effectiveness of audit processes and overall organizational performance in the textile industry.

Legal Compliance

The significant positive relationship between legal compliance and the timeliness of audit report submissions (H2) underscores the critical role of regulatory adherence in achieving timely reporting. This finding aligns with the work of Hendi and Sitorus, who argue that firms adhering to regulatory requirements are more likely to submit their audit reports on time, as their study shows that company characteristics significantly affect the timeliness of audit reports, with larger audit complexity, firm size, and debt-equity leading to shorter audit delays [1]. In the textile industry, compliance with environmental regulations, labor laws, and financial reporting standards is essential for maintaining organizational legitimacy and avoiding legal penalties. The results of this study suggest that companies with strong

legal compliance mechanisms are better positioned to meet audit report submission deadlines. This is further supported by the research of L'Abée-Lund et al., which highlights that regulatory audits are crucial for ensuring compliance with regulatory obligations, although the mere performance of audits without systematic follow-up does not significantly improve compliance [35].

Additionally, Muslih and Inawati's study on the timeliness of financial statement submissions in the consumer cyclical sector indicates that factors such as the audit committee, public ownership, and independent commissioners significantly impact the timeliness of financial reporting, emphasizing the role of robust governance structures in meeting deadlines [3]v. Furthermore, the establishment of a modern European standard corporate reporting system in Georgia, as discussed by Kldiashvili, underscores the importance of aligning national legislation with international standards to enhance transparency and attract investments, which indirectly supports timely audit report submissions [36]. Finally, the research on organizational compatibility in the textile industry by the General Company for Textile and Leather Industries reveals that high performance, driven by factors such as effective recruitment and quality of workers, is correlated with strong organizational compliance, further reinforcing the importance of adherence to regulatory standards for timely audit report submissions [37].

Information Technology

The positive and significant effect of information technology on the timeliness of audit report submissions (H3) highlights the transformative impact of IT on audit processes. The findings from various studies collectively support the notion that the adoption of advanced audit technologies significantly enhances efficiency and reduces delays. For instance, research by Anna Karmanska highlights that AI adoption in the audit sector increases audit efficiency and automates time-consuming tasks, thereby improving client communication and service

delivery [38]. Similarly, the study conducted in Malaysia by Nurul Fitri Mohd Noor et al. underscores that audit technology and situational support are crucial for improving auditors' work performance, with audit assessment playing a mediating role in this enhancement [39]. Furthermore, Marc Eulerich and colleagues developed a three-step evaluation framework to assist auditors in deciding which tasks to automate using robotic process automation (RPA), validating that such automation can streamline audit processes and improve overall efficiency [40].

In the context of the textile industry, the integration of IT solutions such as automated data collection and real-time reporting systems can indeed streamline audit tasks, improve data accuracy, and facilitate timely report submissions. This is corroborated by the empirical research on Serbian textile and fashion companies, which found that investments in digital technologies like cloud computing, IT, and automation significantly impact digital transformation, thereby enhancing supply chain efficiency and profitability [41]. Additionally, Ann Abernathy's research on the impact of the COVID-19 pandemic on auditing practices suggests that the remote nature of audit work has been beneficial, advocating for the permanent adoption of new technological methods to maintain efficiency [42]. Collectively, these studies suggest that investing in IT infrastructure is a key strategy for improving the timeliness and accuracy of audit reports, making it a critical component for organizations aiming to enhance their audit processes and overall operational efficiency.

Implications for Practice

The findings of this study have several practical implications for the textile industry in Tangerang:

- a. Companies should develop and enforce clear policies related to audit processes, ensuring that all employees understand their roles and responsibilities.
- b. Firms should prioritize legal compliance by staying updated on regulatory requirements and

implementing strong compliance mechanisms.

- c. Companies should invest in advanced IT solutions to streamline audit processes and enhance the timeliness of report submissions.

Limitations and Future Research

This study has some limitations that should be considered. First, the sample was limited to professionals in the textile industry in Tangerang, which may affect the generalizability of the findings. Future research could expand the sample to include other industries and regions to enhance generalizability. Second, the study relied on self-reported data, which may be subject to response biases. Future studies could use objective measures of audit report timeliness to validate the findings.

5. CONCLUSION

This study illuminates critical factors influencing audit report accuracy in the textile industry of Tangerang. Company policy, information technology infrastructure, and adherence to legal standards emerged as pivotal in shaping the timeliness and accuracy of audit submissions. The significant positive relationships identified underscore the need for organizations to prioritize governance practices, technological advancements, and regulatory compliance to strengthen audit quality and financial transparency. By addressing these factors, textile firms can enhance stakeholder confidence, mitigate risks, and foster sustainable growth. Future research should explore these dynamics across diverse industries and regions, employing longitudinal designs to capture temporal relationships and further refine strategies for effective audit management.

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