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The Effect of Company Complexity, Company Risk, and Audit Committee on Audit Fees

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ABSTRACT
This study aims to empirically examine the effect of company complexity, company risk, and audit committee on audit costs in basic material sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2018 to 2022. The sample of this study was selected using purposive sampling technique based on certain criteria, so that 38 companies were obtained with a total of 190 observation samples. Data processing was carried out using E-Views 12 software through a panel data regression approach. The results of this study indicate that company complexity and company risk have a positive and significant impact on the amount of audit fees. This means that the more complex and risky a company is, the greater the audit costs that must be incurred. However, other findings from this study indicate that the audit committee has no significant effect on audit fees. This study provides important insights for company management, auditors, and other stakeholders in determining the factors that affect audit fees and how they relate to the transparency and quality of the company's financial statements.

Keywords: Audit Fee, Company Complexity, Company Risk, Audit Committee.

INTRODUCTION

An audit of financial statements by a Public Accounting Firm is an important step to ensure the accuracy and transparency of a company's finances. For this service, companies are charged a fee known as an audit fee. The determination of audit fees is subjective and often involves negotiations between the auditor and the company. Given this, it is found that audit fees will affect financial statements. So, companies can consider the size of the KAP and the brand of the accounting firm if they want a fairly good and provable form of financial reporting. Therefore, auditor independence in terms of audit fees will have an impact on the quality of the audit report and research will examine the form of auditor independence in terms of audit fees. Audit fees are financial rates that must be paid by the entity in connection with the use of external auditor services with the amount of tariff levels varying based on aspects affecting the audit task, such as the size of the business aspect, the complexity in carrying out the audit services encountered by the independent examiner, and the level of threat that the independent examiner will encounter both from the company's partners and from the public accounting firm as a service provider.

Low audit fees are often associated with reduced audit quality. Low audit fees can affect the integrity of external auditors in auditing company financial statements. In audit practice, inadequate fees are often associated with potential conflicts of interest and financial pressures that can trigger fraudulent behavior from auditors. The determination of audit fees in Indonesia is set by the Indonesian Institute of Certified Public Accountants in Management Regulation Number 2 of

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2016 concerning Determination of Fees for Financial Statement Audit Services. This phenomenon examines how low audit fees can affect the integrity of external auditors in auditing company financial statements. This is interesting to investigate further given the importance of integrity and quality in the company's financial statements. The following are the audit fees of basic material sector companies listed on the Indonesia Stock Exchange in 2018 - 2022 under the provisions of the national audit fee standard.

Table 1. Companies With Audit Fees Below The National Standard

(in rupiah)

No.	Company	Year	National Audit Fee Standard	Company Audit Fee	Results
1.	PT Argha Karya Prima Industry Tbk	2018	3.120.000.000	2.752.317.000	Below the Standard
		2022	3.120.000.000	2.704.524.000	Below the Standard
2.	PT Samator Indo Gas Tbk	2018	3.120.000.000	650.000.000	Below the Standard
		2019	3.120.000.000	375.000.000	Below the Standard
		2020	3.120.000.000	375.000.000	Below the Standard
		2021	3.120.000.000	400.000.000	Below the Standard
		2022	3.120.000.000	475.000.000	Below the Standard
3.	PT Aneka Tambang Tbk	2018	3.120.000.000	1.410.000.000	Below the Standard
		2019	3.120.000.000	1.510.000.000	Below the Standard
		2020	3.120.000.000	2.880.000.000	Below the Standard
4.	Alumindo Light Metal Industry	2018	3.120.000.000	1.875.000.000	Below the Standard
		2019	3.120.000.000	2.250.000.000	Below the Standard
		2020	3.120.000.000	1.698.749.780	Below the Standard
		2021	3.120.000.000	1.641.034.883	Below the Standard
		2022	3.120.000.000	1.704.659.775	Below the Standard
5.	PT Wijaya Karya Beton Tbk	2018	3.120.000.000	374.458.200	Below the Standard
		2019	3.120.000.000	384.294.000	Below the Standard
		2020	3.120.000.000	415.000.000	Below the Standard
		2021	3.120.000.000	425.375.000	Below the Standard
		2022	3.120.000.000	436.009.375	Below the Standard
		2018	3.120.000.000	205.000.000	Below the Standard

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6.	PT Kapuas Prima Coal Tbk	2019	3.120.000.000	205.000.000	Below the Standard
		2020	3.120.000.000	205.000.000	Below the Standard
		2021	3.120.000.000	242.000.000	Below the Standard
		2022	3.120.000.000	242.000.000	Below the Standard
7.	PT Bintang Mitra Semestaraya Tbk	2018	3.120.000.000	245.000.000	Below the Standard
		2019	3.120.000.000	230.000.000	Below the Standard
		2020	3.120.000.000	288.000.000	Below the Standard
		2021	3.120.000.000	294.000.000	Below the Standard
		2022	3.120.000.000	299.000.000	Below the Standard
8.	PT Bumi Resources Minerals Tbk	2018	3.120.000.000	1.400.000.000	Below the Standard
		2019	3.120.000.000	1.400.000.000	Below the Standard
		2020	3.120.000.000	1.500.000.000	Below the Standard
		2021	3.120.000.000	1.600.000.000	Below the Standard
		2022	3.120.000.000	1.600.000.000	Below the Standard
9.	PT Berlina Tbk	2018	3.120.000.000	619.263.373	Below the Standard
		2019	3.120.000.000	619.263.373	Below the Standard
		2020	3.120.000.000	700.244.254	Below the Standard
		2021	3.120.000.000	1.011.832.970	Below the Standard
		2022	3.120.000.000	659.845.296	Below the Standard
10.	PT Barito Pacific Tbk	2018	3.120.000.000	930.000.000	Below the Standard
		2019	3.120.000.000	1.280.000.000	Below the Standard
		2020	3.120.000.000	1.100.000.000	Below the Standard
		2021	3.120.000.000	1.400.000.000	Below the Standard
		2022	3.120.000.000	1.500.000.000	Below the Standard
11.	PT Cita Mineral	2018	3.120.000.000	372.045.962	Below the Standard
		2019	3.120.000.000	691.571.989	Below the Standard
		2020	3.120.000.000	681.533.774	Below the Standard

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	Investindo Tbk	2021	3.120.000.000	661.800.061	Below the Standard
		2022	3.120.000.000	710.000.000	Below the Standard
12.	PT Central Omega Resources Tbk	2018	3.120.000.000	665.500.000	Below the Standard
		2019	3.120.000.000	863.500.000	Below the Standard
		2020	3.120.000.000	693.000.000	Below the Standard
		2021	3.120.000.000	706.200.000	Below the Standard
		2022	3.120.000.000	743.700.000	Below the Standard
13.	PT Sinergi Inti Plastindo Tbk	2018	3.120.000.000	240.918.045	Below the Standard
		2019	3.120.000.000	281.281.432	Below the Standard
		2020	3.120.000.000	65.000.000	Below the Standard
		2021	3.120.000.000	70.000.000	Below the Standard
		2022	3.120.000.000	83.250.000	Below the Standard
14.	PT Essa Industries Indonesia Tbk	2018	3.120.000.000	313.500.000	Below the Standard
		2019	3.120.000.000	313.500.000	Below the Standard
		2020	3.120.000.000	313.500.000	Below the Standard
		2021	3.120.000.000	260.000.000	Below the Standard
		2022	3.120.000.000	260.000.000	Below the Standard
15.	PT Champion Pacific Indonesia Tbk	2018	3.120.000.000	2.988.325.795	Below the Standard
16.	PT Indah Kiat Pulp & Paper Tbk	2018	3.120.000.000	1.519.013.032	Below the Standard
		2019	3.120.000.000	620.205.694	Below the Standard
		2020	3.120.000.000	578.133.998	Below the Standard
		2021	3.120.000.000	572.682.956	Below the Standard
		2022	3.120.000.000	672.597.166	Below the Standard
17.	PT Steel Pipe Industry Of Indonesia Tbk	2019	3.120.000.000	1.376.000.000	Below the Standard
		2020	3.120.000.000	2.031.000.000	Below the Standard
		2021	3.120.000.000	2.693.000.000	Below the Standard

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		2022	3.120.000.000	2.705.000.000	Below the Standard
18.	PT Emdeki Utama Tbk	2018	3.120.000.000	1.495.000.000	Below the Standard
		2019	3.120.000.000	1.747.000.000	Below the Standard
		2020	3.120.000.000	1.024.000.000	Below the Standard
		2021	3.120.000.000	825.000.000	Below the Standard
		2022	3.120.000.000	612.000.000	Below the Standard
19.	PT Merdeka Copper Gold Tbk	2018	3.120.000.000	540.000.000	Below the Standard
		2019	3.120.000.000	732.000.000	Below the Standard
		2020	3.120.000.000	140.000.000	Below the Standard
		2021	3.120.000.000	150.000.000	Below the Standard
		2022	3.120.000.000	155.000.000	Below the Standard
20.	PT Intanwijaya Internasional Tbk	2018	3.120.000.000	141.800.000	Below the Standard
		2019	3.120.000.000	269.479.879	Below the Standard
		2020	3.120.000.000	406.455.778	Below the Standard
		2021	3.120.000.000	682.254.701	Below the Standard
		2022	3.120.000.000	1.187.394.343	Below the Standard
21.	PT Ancora Indonesia Resources Tbk	2018	3.120.000.000	455.000.000	Below the Standard
		2019	3.120.000.000	354.000.000	Below the Standard
		2020	3.120.000.000	328.500.000	Below the Standard
		2021	3.120.000.000	308.500.000	Below the Standard
		2022	3.120.000.000	292.500.000	Below the Standard
22.	PT Panca Budi Idaman Tbk	2018	3.120.000.000	2.246.213.000	Below the Standard
		2019	3.120.000.000	2.304.517.000	Below the Standard
		2020	3.120.000.000	2.125.912.000	Below the Standard
		2021	3.120.000.000	2.468.531.000	Below the Standard
		2022	3.120.000.000	2.721.333.000	Below the Standard
		2018	3.120.000.000	240.000.000	Below the Standard

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23.	Pinago Utama Tbk	2019	3.120.000.000	262.000.000	Below the Standard
		2020	3.120.000.000	325.000.000	Below the Standard
		2021	3.120.000.000	350.000.000	Below the Standard
		2022	3.120.000.000	365.000.000	Below the Standard
24.	PT Semen Baturaja Tbk	2018	3.120.000.000	306.000.000	Below the Standard
		2019	3.120.000.000	340.000.000	Below the Standard
		2020	3.120.000.000	650.000.000	Below the Standard
		2021	3.120.000.000	650.000.000	Below the Standard
		2022	3.120.000.000	650.000.000	Below the Standard
25.	PT Semen Indonesia (Persero) Tbk	2018	3.120.000.000	2.737.500.000	Below the Standard
26.	PT Wilton Makmur Indonesia Tbk	2018	3.120.000.000	1.151.237.047	Below the Standard
		2019	3.120.000.000	2.005.804.030	Below the Standard
		2021	3.120.000.000	625.000.000	Below the Standard
		2022	3.120.000.000	650.000.000	Below the Standard
27.	PT SLJ Global Tbk	2019	3.120.000.000	500.000.000	Below the Standard
		2020	3.120.000.000	520.000.000	Below the Standard
		2021	3.120.000.000	770.000.000	Below the Standard
		2022	3.120.000.000	770.000.000	Below the Standard
28.	PT Timah Tbk	2018	3.120.000.000	2.450.000.000	Below the Standard
29.	PT Chandra Asri Perochemical Tbk	2018	3.120.000.000	2.423.000.000	Below the Standard
		2019	3.120.000.000	1.975.000.000	Below the Standard
		2020	3.120.000.000	1.895.000.000	Below the Standard
		2021	3.120.000.000	1.665.000.000	Below the Standard
		2022	3.120.000.000	1.753.000.000	Below the Standard
30.	PT Trias Sentosa	2018	3.120.000.000	1.272.184.223	Below the Standard
		2019	3.120.000.000	1.496.836.929	Below the Standard
		2020	3.120.000.000	1.474.302.342	Below the Standard

	Tbk	2021	3.120.000.000	1.357.000.000	Below the Standard
		2022	3.120.000.000	3.042.000.000	Below the Standard

Company complexity is defined as the level of difficulty that will be faced from the company's business. This can be based on the use of foreign currencies in business, the presence of business expansion to foreign countries and the number of subsidiaries owned. Company complexity affects audit fees positively, especially when more complex companies are audited by auditors (Kusharyanti, 2013). However, in other studies, company complexity has a negative effect on audit fees because auditors feel more confident in the company's strong internal controls, thereby reducing the workload and consequently the audit fee (Alrashidi et al, 2021), and company complexity has no effect on audit fees according to research conducted (Christansy and Aloysia, 2017).

Company risk is the possibility of events that can harm the company, both in terms of operational, financial, and external. Higher risk requires a more in-depth and thorough audit, which ultimately increases audit costs. Research by Attya (2013) also shows that company risks have a significant positive influence on audit fees. In addition, according to other studies, high company risk has a negative effect on audit fees because companies may choose auditors who offer lower costs to save operating costs (Harahap et al, 2018), while company risk has no effect on audit fees in research (Yulianti et al, 2019).

An audit committee is defined as a person who has the authority to supervise the board of directors and shareholders in relation to the company's control system, annual financial reports, and oversight of uncertainty. According to Ardiningsih (2013) the audit committee has a positive effect on the audit fee. However, other research states that the audit committee has a negative effect on the audit fee (Naibaho et al, 2021), and the audit committee has no effect on the audit fee (Rizqiasih, 2010).

Below is the problem formulation in this study:

1. Does Company Complexity affect Audit Fees?
2. Does Company Risk affect Audit Fees?
3. Does the Audit Committee affect the Audit Fee?

LITERATURE REVIEW

Agency Theory

Agency theory describes a two-way relationship, where there is a delegation of power from the first party (principal) to the second party (agent). In their study, Jesen and Meckling (1976) define agency as a rule that places the first party (principal) hiring another person (agent) who is given trust in making decisions in line with the principal's interests. Managers are defined as parties who get jobs from shareholders are required to behave in accordance with the interests of the owner, namely creating company value in order to increase the welfare of the owners of capital.

Agency theory states that the interests of capital owners require separation of powers between the board of commissioners and directors (Donalson and Havis, 1991). Agency conflicts that occur in companies are in the form of differences in objectives between principals and agents and information uncertainty faced by principals in monitoring agent actions. Companies with complex organizational structures often face greater challenges in terms of financial management and reporting. Companies with a high level of risk require stricter supervision and verification.

External auditors are needed as independent parties in overcoming differences of interest to prove that agents do not carry out practices that can harm capital owners. Sinaga and Rachmawati (2018) state that the reliability of financial statements can be improved by the existence of independent examiners or public accountants. An independent examiner is defined as an individual

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in carrying out his duties who has no partisanship and is free from interference from users of financial statements, either principals or agents

Audit Fee

Hakim (2022) states that audit fees greatly influence audit quality. External auditors are not encouraged to accept companies with fees that will affect the decline in the professionalism of auditors. DeAngelo (1981) defines audit fees as a financial fee that must be paid by the entity in connection with the use of external auditor services with the amount of the fee level varying based on aspects of influencing the audit task, such as the size of the business aspect, the complexity of carrying out the audit services encountered by the independent examiner, and the level of threat that the independent examiner will encounter both from company partners and from the public accounting firm as a service provider. The results of audit fees received by an independent examiner are the result of negotiations between entities as users of audit services.

Company Complexity

Company complexity is defined as the level of difficulty that will be faced from the company's business. This can be based on the use of foreign currencies in business, the presence of business expansion to foreign countries and the number of subsidiaries owned. Because of these factors, the resulting financial statements require a longer duration and additional personnel used by the auditor to complete the inspection process, thus causing the audit fee on the financial statements to increase (Rukmana et al, 2017). From this information, the following hypothesis is made:
H_1: Company Complexity Has a Positive Effect on Audit Fees.

Company Risk

In agency theory, it is explained that there is a delegation of power and differences in interests between capital owners and management (company employees). The manager assumes the role of the entity that knows more about the real state of company risk than the principal can cause information asymmetry, therefore the role of external auditors is needed to alleviate the agency problems that arise. Company risk is defined as something that has an impact on losses for the company, with this level of risk can have an influence on the amount of audit fees. In line with Rewczuk and Modzelewski (2019) the debt to asset ratio will have a positive effect on audit fees. From this information, the following hypothesis is made:
H_2: Company Complexity Has a Positive Effect on Audit Fees.

Audit Committee

According to Sitompul (2019), an audit committee is defined as someone who has the authority to supervise the board of directors and shareholders in relation to the company's control system, annual financial reports, and supervision of uncertainty. According to Yulio (2016) the audit committee is responsible for the implementation of financial reports and oversight of the relationship between company management and external auditors. The existence of an audit committee makes a positive contribution to audit costs by overseeing audit results to prevent undue reductions (Ardiningsih, 2013). In line with research conducted by Yoma (2022) the audit committee prioritizes control and quality, thus causing high audit costs. From this information, the following hypothesis is made:
H_3: The Audit Committee has a positive effect on Audit Fees

RESEARCH METHODS

Variable Definition and Measurement

Table 2. Operational and Variable Measurement Scale

No	Variables	Definition	Indicator	Scale
1.	Audit Fee (Y)	Determination of rates for fees for auditing services for the entity's financial statements where the amount of costs incurred is equal to the provisions of KAP (Sinaga, 2018).	Audit Fee = Ln.Fee	Ratio
2.	Company Complexity (X1)	Company complexity can be measured by the level of difficulty of the company and the task of running a company's business. The level of difficulty of company complexity is seen from the application of foreign exchange trading, the total number of subsidiaries, divisions, and businessexpansion resulting in complex business processes so that additional time is needed for auditors (Attya, 2013) and (Yulio, 2016).	COMP = Number of subsidiaries	Nominal
3.	Company Risk (X2)	Company Risk is defined as the possibility of a decrease in the company's capacity due to certain factors (Wardani, 2017).	Rasio Leverage = Total Liabilities / Total Asset	Ratio
4.	Audit Committee (X3)	The audit committee is the supervisory board of the good corporate governance mechanism (Aprilia, 2018).	KA= Number of Audit Committee in one year	Nominal

Population and Sample

This research is in the form of quantitative data. The research was conducted using the population of raw material sector business entities listed on the IDX for the 2018-2022 period. The purposive sampling method is applied in data processing research. According to Sugiyono (2013) the method of collecting evidence in data processing is reviewed based on predetermined criteria in order to obtain a sample according to that standard is called purposive sampling. While panel data regression using E-Views 12 is used as a methodology in data analysis. The sample selection criteria in this study are as follows:

1. Basic material sector companies listed on the Indonesia Stock Exchange for the period (2018 – 2022).
2. Companies that do not publish annual reports for the period (2018 - 2022).
3. The company does not include audit fees or professional fees in the annual report for the period (2018 - 2022).
4. Companies that do not have subsidiaries in the annual report for the period (2018 - 2022).
5. The company does not include the identity of the audit committee members in the annual report published for the period (2018 - 2022).

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Data Analysis Techniques

1. Descriptive Statistical Analysis

According to Hakim (2022) descriptive statistics is a research method by describing an event so that this method wants to accumulate basic data that applies, generally used in describing sample data profiles before finally using descriptive data analysis techniques to conduct hypothesis testing.

The analytical approach applied in this research is descriptive statistical analysis which is useful in providing statistical insight into the research variables. The statistics applied are mean, median, maximum, minimum and Std. Dev. The mean value is used to detect the average data in the study. Maximum (Maximum Value) is intended to determine the highest data acquisition. The minimum value is intended to determine the smallest data acquisition from the number of related data. Standard deviation aims to detect the extent to which the data involvement is able to vary with respect to the mean.

2. Panel Data Regression Estimation

Panel data regression is a regression method that combines cross-sectional and time-series information simultaneously in one equation (Ghozali and Ratmono, 2020). In principle, panel data is the result of combining cross-sectional data (data from a number of companies) with time-series data (data collection over the years), where similar cross-sectional units are tested through different tempos. So, in summary, panel data is a number of samples of company data being studied in a period of time (Eksandy, 2018).

a) Common Effects Model (CEM)

Common Effects Model (CEM) is a very simple reference type when compared to Fixed Effects Model (FEM) or Random Effects Model (REM) in panel data regression. In principle, panel data is a mixture of cross-sectional data (data set of a number of entities) with time-series data (data set over the years), where the cross-sectional units are the same and measurements are made at different times. So, in summary, panel data is data on a number of companies (samples) studied at a certain time. (Eksandy, 2018).

b) Fixed Effects Model (FEM)

Fixed Effects Model (FEM) is a type of prototype that estimates different intercepts across firms. This difference is due to the characteristics of each individual. Although the intercept point for each individual changes, the intercept point for each individual does not change over time. This model methodology uses the least-square variable (LSDV) technique approach (Ghozali, 2018).

The first assumption made is to perform panel data regression with the Common Effects Model (CEM), which assumes that the intercept and slope are constant across periods and across individuals. Each individual (n) is regressed to find out the relationship between the dependent variable and the independent variable in order to convey the same intercept and slope.

Similarly, at the time denoted (t), the intercept and slope values in the Common Effects Model (CEM) regression panel data equation that describes the relationship between the dependent variable and the independent variable are always similar, due to the basic use of the regression panel, the Common Effects Model (CEM) data neglects the impact on time and individuals in the model it forms (Eksandy, 2018). Fixed Effect Model (FEM) according to Basuki and Prastowo (2017) with the following formulation:

FEM = $\alpha + \alpha it + Xit\beta + \varepsilon it$

c) Random Effects Model (REM)

According to Eksandy (2018), in the Random Effect Model, it is calculated as the difference between the intercept and the constant difference caused by the residual / error due to the impact of random differences between objects and time periods. To examine the random effect method, the criteria must be met that the cross-section data object is greater than the number of coefficients. That is, it is concluded that in carrying out the analysis of 3 variables (both dependent and independent), a minimum of 3 cross-sectional data items are required. The Random Effect Model (REM) is formulated as follows:

$$\boldsymbol{\gamma it} = \boldsymbol{\alpha} + \boldsymbol{Xit\ \beta} + \boldsymbol{\omega it}$$

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$$\omega it = \varepsilon it + \mu i$$

3. Panel Data Regression Model Selection Technique
   a) Chow Test
      According to Eksandy (2018), the assumption that each cross section unit actually shows similar behavior is not reasonable because each unit can have different reactions. This underlies the chow test which examines whether there are significant differences to different cross section units in a panel data. The chow test is a method to identify whether a common effects model or a fixed effects model is more appropriate for use in panel data analysis.
      Ho : When the cross section chi-squared probability > a value (0.05) then the method refers to the Common Effect Model (CEM).
      Ha : When the cross section chi-squared probability < a (0.05) then the method refers to the Fixed Effect Model (FEM).
   b) Hausman Test
      The Hausman Test is a statistical test to identify if the Fixed Effect Model or Random Effect Model is the most appropriate to apply (Ghazali and Ratmono, 2013).
      Ho : When the probability of cross section random > value a (0.05) then the method refers to the Random Effect Model (REM).
      Ha : When the cross section probability < a value (0.05), the method refers to the Fixed Effect Model (FEM).
   c) Lagrange Multiplier Test
      The LM (Lagrange Multiplier) test is used to make a choice between a common effect model (CEM) or a random effect model (REM). When the result is Fixed Effect Model, the LM test is not used because when the Chow test and Hauman test prove that Fixed Effect Random (FEM) is the appropriate method used. When the result is the Common Effect Model (CEM), the use of the LM test in the Chow test indicates that the appropriate method to use, while the Hausman test proves that the appropriate method to use is the Random Effect Model (REM). Thus, the LM test is needed as the last step to conclude which method is appropriate whether the Random Effect Model (REM) or the Common Effect Model (CEM) (Shilalahi, 2014).

4. Coefficient of determination (R^2) Test

The R-Square test is a measure of the ability to understand the extent of the role of the independent variable on the dependent variable (Suyadi et al, 2022). The low R-Square number means that the expertise to explain changes in the dependent element is minimal, but the large R^2 number indicates that the independent variable gives up almost all the data. Calculating the B test in a simple linear regression model reveals the shape of the relationship and whether the estimated variable affects the dependent variable. A high B value implies a positive correlation while a negative B amount indicates a negative correlation and a value of 0 indicates no correlation between the variables. The strength of influence or attachment between the predictor variable and the dependent variable is expressed through the sum of the coefficient of determination (R^2) and the correlation coefficient (R).

5. Model Feasibility Test (F Test)

According to Ghozali (2013), the simultaneous test (F test) is a Goodness of Fit test method for testing suitability in research, aiming to find out whether all independent variables added to the method have a joint influence on the dependent variable. Simultaneous tests are carried out to test the suitability of multiple linear regression methods. Can check it in ouput, this research uses simultaneous test analysis to evaluate the correlation between predictor variables consisting of the effect of company complexity (X1), company risk (X2), audit committee (X3) whether it affects the Audit Fee. the level used is 0.5 or 5% if the number of sign F < zero> 0.05 means Ho is approved and H1 means that all of them have no effect on the dependent element (Ghozali, 2016).

Hypothesis Test (T Test)

Partial tests, another name for the T test, actually indicate individually to what extent the impact of 1 predictor variable in describing various dependent elements (Suyadi et al, 2022). The test is

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feasible by examining the difference between the t table value and the t count as well as by considering the significant part for each t count. The T test determines how high the impact of 1 predictor element through personal deciphering the diversity of the dependent variable. Aims to see partially whether there is an impact of the dependent element, namely the effect of company complexity (X1), company risk (X2), audit committee (X3) on audit fees (Y).

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 3. Descriptive Statistical Analysis Results

Date: 05/15/24 Time: 12:47
Sample: 2018 2022

	X1	X2	X3	Y
Mean	9.757895	0.676399	3.063158	20.99985
Median	5.000000	0.534158	3.000000	20.99933
Maximum	55.00000	30.95073	4.000000	26.66033
Minimum	1.000000	0.000957	2.000000	15.02380
Std. Dev.	10.13790	2.222346	0.302040	1.898797
Skewness	1.762293	13.40923	1.672136	0.025381
Kurtosis	6.734689	183.1823	9.835943	4.061401
Jarque-Bera	208.7673	262713.9	458.4880	8.939101
Probability	0.000000	0.000000	0.000000	0.011452
Sum	1854.000	128.5159	582.0000	3989.971
Sum Sq. Dev.	19424.86	933.4373	17.24211	681.4266
Observations	190	190	190	190

Based on the calculation of the test results of the table above, it is found that the number of samples or observations in this study amounted to 190 samples. The sample is based on 38 company sample data with a 5-year observation period from 2018-2022.

1) Variable Y (Audit Fee) for the minimum value obtained is 15.02380 and the maximum value is 26.66033. The average value of variable Y (Audit Fee) in the research tempo is 20.99985 along with a standard deviation of 1.898797.
2) Variable X1 (Company Complexity) for the minimum value obtained is 1.000000 and the maximum value is 55.00000. The average value of variable X1 (Company Complexity) at the research tempo was 9.7757895 with a standard deviation of 10.13790.
3) Variable X2 (Company Risk) for the minimum value obtained is 0.000957 and the maximum value shows 30.95073. The average value of the X2 (Company Risk) variable within the research period is 0.676399 with a standard deviation of 2.222346.
4) Variable X3 (Audit Committee) for the minimum value is 2.000000 and the maximum value shows 4.000000. The average value of the X3 (Audit Committee) variable at the research tempo was 3.063158 along with a standard deviation of 0.302040.

Chow Test Results

Table 4. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	52.242625	(37,149)	0.0000
Cross-section Chi-square	501.054121	37	0.0000

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Based on the data processing calculations in the chart above, the probability value (p-value) in the cross section F of the chow test results states 0.0000 where the output value shows the result is less than the significance level which is 0.05. Based on this research using the chow test, it is concluded that the fixed effect model is the most accurate model to use. If the chow test has been carried out, then the second test must be carried out, namely the hasuman test.

Hausman Test Results

Table 5. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.946517	3	0.3999

Based on the calculation of the probability value (cross-section random) shows a value of 0.3999, meaning that the resulting value is greater than 0.05 so that the most appropriate panel data regression to run is the random effect model. Finally, it is continued with the lagrange multiplier test as the third test

Lagrange Multiplier Test Results

Table 6. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	308.6246 (0.0000)	2.195465 (0.1384)	310.8200 (0.0000)
Honda	17.56771 (0.0000)	-1.481710 (0.9308)	11.37452 (0.0000)
King-Wu	17.56771 (0.0000)	-1.481710 (0.9308)	4.079655 (0.0000)
Standardized Honda	18.26795 (0.0000)	-1.303571 (0.9038)	7.943415 (0.0000)
Standardized King-Wu	18.26795 (0.0000)	-1.303571 (0.9038)	1.583675 (0.0566)
Gourieroux, et al.	--	--	308.6246 (0.0000)

In testing the Lagrange multiplier test above, the cross-section results on Breusch-Pagan show a value of 0.0000, which means less than the significance level of 0.05. So, it is concluded that the random effect model is the most accurate model to be determined in this study.

Model Conclusion

Tabel 7. Model Conclusion

Method	Test	Result
Chow Test	CEM vs FEM	FEM
Hausman Test	FEM vs REM	REM
Lagrange Multiplier Test	CEM vs REM	REM

Test Results of the Coefficient of Determination (R^2)
Model Feasibility Test Results (F Test)

Table 9. F Test Results

R-squared	0.147967
Adjusted R-squared	0.134224
S.E. of regression	0.513812
F-statistic	10.76711
Prob(F-statistic)	0.000001

Based on the results of the calculation of the model feasibility test output described, the calculated F value is 10.76711> F table, namely 2.653164654 and the amount of sig. 0.000001 <0.05, therefore it is concluded that the independent variables obtained from the regression model of this study will simultaneously influence the dependent element. Then H0 is rejected and Ha is accepted, it means that the elements of Company Complexity, Company Risk, and Audit Committee have an influence on Audit Fees.

Hypothesis Test Results (T Test)

Table 10. T Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 05/16/24 Time: 20:37
Sample: 2018 2022
Periods included: 5
Cross-sections included: 38
Total panel (balanced) observations: 190
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	20.99730	0.736373	28.51450	0.0000
X1	0.043043	0.012365	3.480981	0.0006
X2	0.085033	0.018946	4.488245	0.0000
X3	-0.155061	0.221345	-0.700540	0.4845

The independent variable will affect the dependent variable partially, as follows:

1) The first hypothesis in this study is that Company Complexity has a positive effect on Audit Fees. Based on the calculation of the t test results in the table above, it shows the Company Complexity variable (X1) with a t value of 3.480981> t table, namely 1.972662692 and sig value. 0.0006 <0.05, then H_1 is accepted, meaning that the Company Complexity variable has a positive influence on Audit Fees.

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2) The second hypothesis in this study is that Company Risk has a positive influence on Audit Fees. Based on the calculation of the t test results in the table above, it shows the Company Risk variable (X2) with a t value of 4.488245> t table, namely 1.972662692 and sig value. 0.0000 <0.05, then H2 is accepted. This means that the Company Risk variable has a positive influence on Audit Fees
3) The third hypothesis in this study is that the Audit Committee has a positive influence on Audit Fees. Based on the calculation of the t test results in the table above, it shows that the Audit Committee variable (X3) with a calculated t value of 0.700540 < t table, namely 1.972662692 and sig value. 0.4845> 0.05, then H3 is rejected. This means that the Audit Committee variable has no effect on the Audit Fee.

Panel Data Regression Equation After t Test

$$Y = 20.9972981068 + 0.0430429065025*X1 + 0.0850330189919*X2 - 0.155061253602*X3$$

The discussion is described as follows:

1) The constant value is 20.9972981068, it can be concluded that with the unavailability of the Company Complexity (X1), Company Risk (X2), and Audit Committee (X3) variables, the Audit Fee (Y) variable will certainly get an increase of 2099%.
2) The regression coefficient value of the Company Complexity variable (X1) is 0.0430429065025, if other variables are constant and variable (X1) gets an increase of 1%, the Audit Fee variable (Y) will certainly get an increase of 4%. It also applies in the opposite direction if the value of other variables is constant and the variable (X1) gets a decrease of 1%, the Audit Fee variable (Y) will certainly decrease by 4%.
3) The regression coefficient value of the Company Risk variable (X2) is 0.0850330189919, if other variables are constant and the variable (X2) gets an increase of 1%, the Audit Fee variable (Y) will certainly get an increase of 8%. It also applies in the opposite direction if the value of other variables is constant and the variable (X1) gets a decrease of 1%, the Audit Fee variable (Y) will certainly decrease by 8%.
4) The regression coefficient value of the Audit Committee variable (X3) is 0.155061253602, if other variables are constant and the variable (X3) gets a decrease of 1%, the Audit Fee variable (Y) will certainly increase by 15%. It also applies in the opposite direction if the value of other variables is constant and the variable (X3) gets an increase of 1%, the Audit Fee variable (Y) will certainly decrease by 15%.

The Effect of Company Complexity on Audit Fees

Based on data processing calculations using E-Views 12, the results show that the first hypothesis (H1) by this research is accepted. This confirms that company complexity has a positive and significant effect on audit fees in raw material sector companies listed on the IDX for the 2018-2022 period. The company complexity variable states that the direction of the relationship is in line with the agency theory listed in the study. In agency theory describes the potential for confrontation of interests due to the delegation of power from the first party (principal) to the second party (agent), so that daily supervision is not carried out by the principal. With the increase in the total number of subsidiaries and divisional entities into the scope of the part in the business entity, it becomes more difficult for the principal to supervise the company's management activities which results in the company becoming more complex. The amount of audit fees for a company is determined by the entity complexity factor.

The final results of this research are in line with research conducted by Rahman and Utami (2021), which states that company complexity, represented by the number of children within the company, will affect audit fees positively. This means that companies with many children or branches experience an increase in paying the amount of audit fees. The scope and complexity of the accounting process arising between the parent company and the subsidiaries will have an impact on the auditor structure. The more complex the scope of the company, not only a large number of auditors are needed but also competent and professional auditors. Therefore, the amount of audit fees issued increases

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The final results of this research are in line with the research conducted by Tat and Murdiawati (2020) which reveals that audit fees will be positively influenced by company complexity. Auditors will face a greater level of risk and complexity if the client company has a large number of company complexities. This factor is a trigger in influencing the amount of audit fee earned by the auditor.

The results of this study are in line with research by Wibowo (2017) revealing that high company complexity will have a positive impact on audit fees so that the amount of audit fees issued by the company will be higher. Companies that have a high level of complexity have an impact on audit processing time and require professional personnel. So that a large amount of audit fees must be issued by the company to be given to external auditors.

The Effect of Company Risk on Audit Fees

Based on data processing calculations using E-Views 12, the results show that the next hypothesis (H2) through this research is accepted. This validates that company risk has a positive and significant influence on audit fees in the raw material sector business entities listed on the IDX for the period 2018 - 2022. This means that if the company has a high risk, the auditor will receive more audit fees in return for the services performed than if the risk is low. The results of this study state that the amount of audit fees that are spent to pay external auditors will be greater if the company has a high level of risk. This means that company risk has a positive effect on audit fees. To complete the financial statements, it takes a longer period and the level of expertise of competent auditors causes the audit fee issued to be greater (Suryanto et al, 2018). Company risk will have a positive effect on audit fees. Because a high leverage ratio will result in high company risk. This will increase the company's audit procedures and have an impact on the time to complete the audit, causing high audit fees that are borne by the company (Sanusi and Purwanto, 2017).

The results of this research are in line with the Rewczuk and Modzelewski study (2019) which states that the measurement of company risk based on the debt to asset ratio results in a positive relationship direction to audit fees. The entity's operating risk will arise if the company's debt level is higher than the total assets. Therefore, the auditor's ability to provide an accurate opinion is highly valued. The auditor's responsibility in conducting the audit includes determining the overall scope of the audit by evaluating a broad sample of documents. This may result in the audit fee that the auditor will earn.

The Effect of the Audit Committee on Audit Fees

Based on data processing calculations using E-Views 12, it was found that the third hypothesis (H3) in this study was rejected. This validates that the audit committee has no influence on audit fees in raw material sector companies listed on the Indonesia Stock Exchange in 2018-2022. In this study, it is explained that there are at least 3 people for audit committee members, including an independent commissioner. As POJK regulation Number 55 / POJK.04 / 2015 concerning guidelines for implementing the work of the audit committee. However, the influence of management in determining the high and low audit fees cannot be influenced by the number of audit committee members. The audit committee has no effect on audit fees, it can be born from the lack of audit capability carried out because if the duties of the audit committee are carried out effectively, it makes a straight comparison to the acquisition of audit quality. This certainly has an impact on the amount of audit fees issued.

The findings in this study are in line with the findings of previous research conducted by Sanusi & Purwanto (2017) and Prawira (2017) and Chandra (2015) which state that the audit committee has no effect on audit fees because it is feared that in carrying out its duties the audit committee will commit moral hazard, so it is not certain that a large audit committee will minimize audit fees.

CONCLUSIONS AND SUGGESTIONS

This study aims to examine the effect of company complexity, company risk, and audit committee on audit fees. The sample in this study were basic material sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 - 2022. Based on the test results and discussion previously presented, it can be concluded that Company Complexity has a positive and significant effect on audit fees in the basic material sector listed on the IDX for the 2018-2022 period, Company

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Risk has a positive and significant effect on audit fees in the basic material sector listed on the IDX for the 2018-2022 period, while the audit committee has no effect on audit fees in the basic material sector listed on the IDX for the 2018-2022 period.

Based on the above conclusions, there are several suggestions that can be given. First, future researchers are advised to include samples from various industrial sectors and a longer time period. This will help get a more comprehensive picture of the factors that influence audit fees in various contexts. Second, future researchers can add other independent variables that also potentially affect audit fees, such as company size, profitability, internal control quality, and auditor reputation. This will provide a more comprehensive understanding of the factors that influence audit fees. And finally, future researchers can utilize qualitative data, such as interviews with auditors or company management, to gain deeper insights into the factors that influence audit fees and how decisions regarding audit fees are made in practice

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