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The Influence of Institutional Ownership, Corporate Risk, Board of Commissioners Independence, Company Size and Profitability on Audit Fees

Pengaruh Kepemilikan Institusional, Risiko Perusahaan, Independensi Dewan Komisaris, Ukuran Perusahaan dan Profitabilitas Terhadap Audit Fee

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ABSTRACT

This study aims to determine This study aims to determine the the influence of Institutional Ownership, Corporate Risk, Board of Commissioners Independence, Company Size, and Profitability on Audit Fees in BUMN listed on the IDX for the 2021-2022 period. The sampling technique used wan purposive sampling with a total sample of 27 sample with a 2-years research period. The data analysis method uses panel data regression analysis through the Eviews 12 application. The result of this study indicates the variable of institusional ownership, independence of the board of commissioners and profitability does not have an effect on audit fees. While, firm risk, company size has an effect on audit fees.

Keywords : *Institusional Ownership, Company Risk, Independence of The Board of commissioners, Company Size, Profitability, Audit Fees.*

ABSTRAK

Penelitian ini bertujuan untuk mengetahui Pengaruh Kepemilikan Institusional, Risiko Perusahaan, Independensi Dewan Komisaris, Ukuran Perusahaan dan Profitabilitas terhadap Audit Fee pada BUMN yang terdaftar di BEI periode 2021-2022. Teknik pengambilan sampel menggunakan wan purposive sampling dengan jumlah sampel sebanyak 27 sampel dengan periode penelitian 2 tahun. Metode analisis data menggunakan analisis regresi data panel melalui aplikasi Eviews 12. Hasil penelitian ini menunjukkan variabel kepemilikan institusional, independensi dewan komisaris dan profitabilitas tidak berpengaruh terhadap biaya audit. Sedangkan risiko perusahaan, ukuran perusahaan berpengaruh terhadap Audit Fee.
Kata Kunci: Kepemilikan Institusional, Risiko Perusahaan, Independensi Dewan Komisaris, Ukuran Perusahaan, Profitabilitas, Audit Fee

1. Introduction

Financial reports prepared by companies are very important in economic development, as well as describing management activities in managing company resources, because the information conveyed by these financial reports is used by internal and external parties in decision making (Islami et al., 2022). Republic of Indonesia Financial Services Authority Regulation No. 14/PJOK.04/2022 Article 16 The financial report presented is the first financial report that has been audited.

According to IAPI, audit is a service provided by the auditor and the engagement team of an audit company based on an engagement letter, the purpose of which is to provide an independent auditor's opinion regarding whether the entity's financial statements have been prepared and presented in the form of an engagement letter. According to the objectives of accounting, the auditor's task is to produce information that is useful for making resource allocation decisions. Based on IAPI regulations, KAP can set the hourly rate for service fees at 3 times the value determined according to various conditions and characteristics. The absence of

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definite rules regarding the amount of auditor fees makes studying the factors that influence the amount of auditor fees an interesting topic.

In Indonesia, disclosure of the amount of audit fees by companies is still voluntary. The phenomenon that is the basis of this research is related to the audit fees given by companies to auditors which vary greatly due to their absence The exact rules for determining the amount of audit fees received by auditors at state-owned companies on the Indonesian Stock Exchange are quite interesting to research. In some companies there is an audit fee given every year, the same as in PT companies. Waskita Beton Precast Tbk, and PT. Kimia Farma Tbk. Different from the company PT. Bank Tabungan Negara Tbk, PT. BPD Jawa Barat and Banten Tbk are one of the ones that increase their audit fees every year.

One example of an audit-related event occurred in 2019. In 2018 PT Garuda Indonesia Tbk reaped public attention, due to falsifying business receivables into income. Because of this, the Financial Services Authority (OJK) and the Indonesian Stock Exchange (BEI) dropped it sanctions on PT Garuda Indonesia Tbk (GIAA) because of the company's financial reports which is considered problematic. The impact is that the company has to pay an equivalent fine 1.25 billion in both institutions. The Ministry of Finance discovered serious violations in the financial statements of PT Garuda Indonesia Tbk (GIAA). carried out by the Public Accounting Firm (KAP) Tanubara, Susanto, Fahmi, and Partners (BDO International member). Referring to the known case of PT Garuda Indonesia Tbk that the role of the Auditor or Public Accountant is very important for accuracy financial report information (Hidayati, 2019)

Apart from PT Garuda Indonesia Tbk, in 2019 PT Krakatau Steel Tbk carried out debt restructuring worth USD 2.2 billion or the equivalent of IDR 3.1 trillion. Past debts were allegedly due to acts of corruption. The decline in Blast Furance investment worth US$ 859 million since 2008 is one of the reasons why PT Krakatau Steel Tbk is threatened with bankruptcy (Erfan Maaruf, 2022). Referring to the PT Krakatau Steel Tbk corruption case which has been carried out for years, this does not yet show that the role of auditors as an extension of investors is still not optimal and has not yet been implemented Able to uncover fraudulent company financial reports.

From the explanation above, it can be seen that by conducting an audit of the financial statements of a company that has a fairly high level of failure, it will also affect the audit risk which also increases, so that the auditor plays an important role in reconciling a company's information asymmetry.

2. Literature Review

Agency Theory

The theoretical basis used in this research is agency theory. Based on mutual agreement. According to Supriyono (2018), agency theory is a contractual relationship between the principal and the agent. The fundamental problem in agency theory is the existence of a conflict of interest or agency conflict (Sari, Titi Purbo, 2019). As an agent, the company reports company performance in the form of financial reports. However, the principal does not have as much information as the agent, this is called information inequality or information asymmetry. Therefore, an independent third party is needed in managing information. This third party is an external auditor. This third party is an external auditor (Shafira & Ghozali, 2017).

Signal Theory

Information asymmetry occurs when company management is given responsibility by shareholders to manage the company. However, company management does not provide full information to shareholders. This information asymmetry can be reduced through information signals. That is, if management The company conveys information related to the company's

performance to the market, then the market will respond to this information and can influence the value of the company (Przepiorka & Berger, 2017).

In the context of determining the amount of audit fees in agency theory, the auditor as an independent third party is actually required to overcome the information asymmetry that arises between the principal and the agent. Auditors play an important role in reducing information asymmetry by confirming and testing the accuracy of financial reports presented by management. Auditor performance is critical to this process. It can be concluded that auditors are intermediaries who reduce the information gap between principals and agents (Sibuea & Arfianti, 2021)

Institutional ownership from an agency theory perspective: Because each party in any company has its own interests, the company must prevent conflicts between parties that could reduce the value of the company. Therefore, internal and external observers are needed to monitor each party who has different interests (Afdhalastin & Yuyetta, 2021).

Company risk variables One of the company risk variables that is relevant to agency theory is the risk associated with debt. Leverage is the use of borrowed funds to acquire assets to increase shareholder profits. Agency theory assumes that each party pursues personal interests (self-interest) and avoids risk (risk aversion) (Afdhalastin & Yuyetta, 2021)

From an agency theory perspective, commissioners represent the main internal mechanism for controlling management's opportunistic behavior and therefore help align the interests of shareholders and management. In this case, agency theory suggests that shareholders or external parties should monitor the board's actions and ensure that audit fee determination is based on objective considerations and the best interests of the company (Jensen & Meckling, 1976)

The company size variable associated with agency theory is that the larger the company, the higher the compensation the company pays to its auditors. Shareholders who are the main shareholders want to continue investing in a company by looking at the information in the financial statements. On the other hand, management as an agent requires auditors to be able to produce high quality audited financial reports (Shafira & Ghozali, 2017)

Profitability variables based on agency theory: Profitable companies can provide more information that their stakeholders need. Profitability is a measure of a manager's performance in managing company assets and developing what they have (Afdhalastin & Yuyetta, 2021). The companies must make disclosures abaout whether they are profitable or not (Suryadi & Lestari, 2018).

2. Research Methods

This study aims to determine the influence of institusional ownership variables, company risk, independence of the board of commissioners, company size and profitability on audit fees in BUMN listed on the IDX for the 2021-2022 period. The sampling technique used wan purposive sampling with a total sample of 27 sample with a 2-years research period. The data analysis method uses panel data regression analysis through the Eviews 12 application. The result of this study indicate the variable of institusional ownership, independence of the board of commissioners and profitability does not have a effect on audit fees. While, firm risk, company size have a effect on audit fees.

$$\mathbf{Yit = \beta 0 + \beta 1X1it + \beta 2X2it + \ldots + \beta ndit + \epsilon it}$$

Information:
LnFee : Natural logarithm of audit fees
$\propto$: Constant
β1, β2, β3, β 4 : Regression coefficients for each independent variable
KI : Institutional Ownership
RP : Company Risk
IDK : Independence of the Board of Commissioners

UP : Company Size
e : Error term

3. Results and Discussions

Descriptive Statistical

Descriptive Statistical Analysis is description or description a piece of data that is viewed from minimum , maximum , average (mean *)* values , and standard deviation (Ghozali, 2022). Statistics descriptive addressed for give description analysis descriptive that will explain as following :

Tabel 1 Descriptive Statistical Result

Date: 06/08/24 Time: 14:05
Sample: 2021 2022

	Y	X1	X2	X3	X4	X5
Mean	21.72241	2.011631	0.532329	2.944444	31.60935	200.2311
Median	21.69568	1.116607	0.298992	2.000000	31.66675	41.77106
Maximum	24.98030	12.28671	2.389074	9.000000	35.22819	5964.532
Minimum	16.50336	1.010109	-0.459306	0.000000	28.05890	-77.43842
Std. Dev.	1.450751	2.484558	0.600123	1.630102	1.766157	822.1778
Skewness	-0.312501	2.987702	1.121224	1.646528	0.242374	6.584240
Kurtosis	4.931842	10.73003	3.888087	6.059431	2.572080	46.47788
Jarque-Bera	9.275938	214.7822	13.08886	45.45974	0.940717	4643.403
Probability	0.009677	0.000000	0.001438	0.000000	0.624778	0.000000
Sum	1173.010	108.6281	28.74579	159.0000	1706.905	10812.48
Sum Sq. Dev.	111.5480	327.1706	19.08783	140.8333	165.3235	35826745
Observations	54	54	54	54	54	54

Source: Processed Data Eviews 12, 2024

Based on from Table 1 shows the *audit fee* variable (Y) . the average value is 21.72241, value the highest amounting to 24.98030 occurred at PT. Telkom Indonesia Tbk (TLKM) in 2021 , then mark Lowest amounting to 16.50336 occurred at Bank Mandiri Tbk (BMRI) in 2021 , and mark standard deviation amounting to 1.450751.

On variable Ownership Institutional (X1) shows the average value is 2.011631, value a high of 12.28671 occurred at PT. Clairvoyant Work Tbk (WSKT) in 2021 , then mark then 1.010109 happened at PT. Telkom Indonesia Tbk (TLKM) in 2021. Value standard deviation amounting to 2.484558.

On variable Company Risk (X2) shows the average value is 0.532329, value a high of 2.389074 occurred at PT. Aneka Tambang Tbk (ANTM) in 2022 , then mark a low of -0.459306 occurred on PT. Garuda Indonesia Tbk (GIAA) in 2021 , and mark standard deviation of 0.600123.

On variable Independence Board Commissioner (X3) shows the average value is 2.944444, value highest amounting to 9,000000 occurred at Bank Rakyat Indonesia (BBRI) in 2022 , then mark a low of 0.000000 occurred on a number of company namely PT. PP Tbk (PTPP) in 2021. Mark standard deviation 1.630102.

On variable Company Size (X4) shows the average value is 31.60935, value the highest amounting to 35.22819 occurred at Bank Mandiri (Persero) Tbk (BMRI) in 2022 , value Lowest amounting to 28.05890 occurred at PT. Indofarma (INAF) in 2022, then mark standard deviation 1.766157.

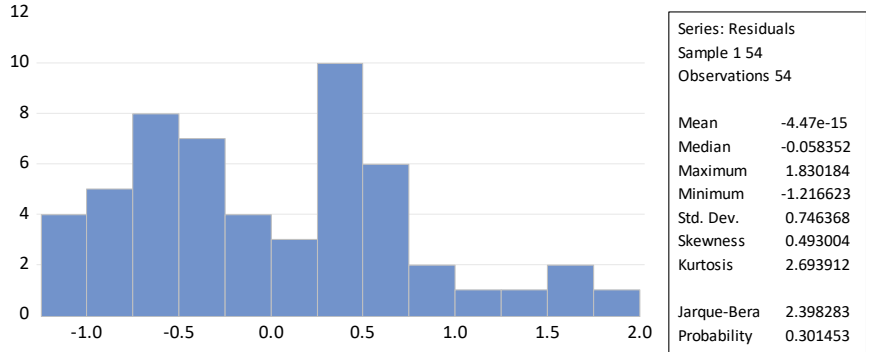
On variable Profitability (X5) shows the average value is 200.2311, value the highest amounting to 5964,532 occurred at PT. Wijaya Work Tbk (WIKA) in 2022, value Lowest amounting to -77.43842 occurred at PT. Kimia Farma Tbk (KAEF) in 2020, then mark standard deviation amounting to 822.1778.

Classic Assumption Test

Normality Test

The normality test aims to measure whether in the regression model the independent variable and dependent variable both have a normal or close to normal distribution.

Table 2. Normality Test result



Source: Processed Data Eviews 12, 2024

Based on the results in table 2 of the Normality Test, it can be seen from the Jarque-bera value of 2.398283 with a probability value of 0.301453. So it can be concluded that this research model has normal distribution data, because the probability value is 0.301453 > 0.05.

Multicollinearity Test

The multicollinearity test aims to test whether in the regression model a high or perfect correlation is found between the independent variables (Ghozali, 2017). If the correlation coefficient between independent variables exceeds 0.80 then it can be concluded that the model experiences multicollinearity problems. Conversely, if the correlation coefficient is <0.8 then the model is free from multicollinearity.

Table 3 Multicollinearity Test result

	Y	X1	X2	X3	X4	X5
Y	1	-0.0840161...	0.17689892...	0.31015970...	0.45770269...	-0.1313265...
X1	-0.0840161...	1	-0.0966432...	-0.1568729...	-0.0338865...	-0.0516021...
X2	0.17689892...	-0.0966432...	1	-0.1692600...	-0.2278335...	-0.0886408...
X3	0.31015970...	-0.1568729...	-0.1692600...	1	0.67558276...	0.06063474...
X4	0.45770269...	-0.0338865...	-0.2278335...	0.67558276...	1	0.02225925...
X5	-0.1313265...	-0.0516021...	-0.0886408...	0.06063474...	0.02225925...	1

Source: Processed Data Eviews 12, 2024

Based on the results in table 3, it can be seen that none of the correlations between the independent variables have a value of more than 0.80. That is, in the regression model This does not occur multicorrelinearity or in this model there is no correlation between the independent variables.

Heteroscedasticity test

Heteroscedasticity testing is carried out to test whether in a regression model, there is an inequality in the variance of the residuals from one observation to another (Ghozali, 2017). This test was carried out using the Glejser test, namely regressing each independent variable with the absolute residual as the dependent variable. If the confidence level result of the Glejser test is > 0.05 then there is no heteroscedasticity.

Table 4. Heteroscedasticity test Result

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	0.528153	Prob. F(20,33)	0.9324
Obs*R-squared	13.09378	Prob. Chi-Square(20)	0.8733
Scaled explained SS	83.53706	Prob. Chi-Square(20)	0.0000

Source: Processed Data Eviews 12, 2024

Based on the results in table 4 of the heteroscedasticity Test, it can be seen from the Chi-square of Obs*R-squared probability value of 0.8733. This means that does not happen in the regression model used heteroscedasticity.

Autocorrelation Test

According to Ghozali (2017) , the autocorrelation test aims to test whether in the linear regression method there is a correlation between the confounding error in period t and the error in period t-1 (previous). To find out whether there is autocorrelation, you can carry out the Lagrange Multiplier test (LM test). With the criterion that if the probability value is > 0.05 then there is no autocorrelation problem.

Table 5 Autocorrelation test Result

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	0.308665	Prob. F(2,46)	0.7359
Obs*R-squared	0.715096	Prob. Chi-Square(2)	0.6994

Source: Processed Data Eviews 12, 2024

Based on the results in table 5, it can be seen that the Chi-square probability value is 0.6994 > 0.05. This means that this does not happen in the regression model used autocorrelation.

Selection of Panel Data Regression Model

In this research, to determine the regression model that will be used three tests. This is to determine which regression model is most suitable for calculating panel data regression.

Chow test

The Chow test is used to determine whether the common effect or fixed effect model is appropriate for this research. This test is carried out using the following hypothesis: If the chi-square probability is <0.05 then the fixed effect model is selected. If the chi-square probability is >0.05 then the common effect model is selected.

Table 6. chow test Result

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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.836833	(26,22)	0.0757
Cross-section Chi-square	62.315173	26	0.0001

Source: Processed Data Eviews 12, 2024

Based on table 6 Chow Test if the cross section profitability is 0.0001 < 0.05. then the panel data regression uses the common effect model.

Hausman Test

The Hausman test is used to determine whether the random effect method or fixed effect method is appropriate or used, with the following decision-making conditions: If the probability cross-section is random < 0.05 then the fixed effect model is chosen . However, if the random cross-section probability is > 0.05 then the random effect model is chosen.

Table 7. Hausman Test Result

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	2.868624	5	0.7202

Source: Processed Data Eviews 12, 2024

Based on table 7, the results show a random cross-section probability value of 0.7202 > 0.05, meaning that the model used should be a random effect model.

Lagrange Multiplier (LM-Test)

The LM test is used to select a common effect or random effect model which should be used. The decision-making conditions for this LM test are as follows: If the branch-pagan cross-section probability is <0.05 then the common effect model is selected . However, if the branch-pagan cross-section probability is > 0.05 then the random effect model is chosen

Table 8. LM-test Result

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	2.299796 (0.1294)	0.095096 (0.7578)	2.394891 (0.1217)
Honda	1.516508 (0.0647)	-0.308376 (0.6211)	0.854278 (0.1965)
King-Wu	1.516508 (0.0647)	-0.308376 (0.6211)	-0.010760 (0.5043)
Standardized Honda	1.971182 (0.0244)	0.196726 (0.4220)	-3.432143 (0.9997)
Standardized King-Wu	1.971182 (0.0244)	0.196726 (0.4220)	-1.950875 (0.9745)
Gourieroux, et al.	--	--	2.299796 (0.1439)

Source: Processed Data Eviews 12, 2024

Based on table 8, the results show that the cross-section probability value of brench-pagan is 0.1294 > 0.05, meaning that the LM-Test results choose to use the common effect model. Based on the results of selecting the panel data model, the panel data regression hypothesis test was assessed using the common effect model in determining research results.

Panel Data Regression Analysis

Based on the test results, namely the Chow test, Hausman and Lagrange multiplier, the common effect is the appropriate model to use in this research.

Table 9. common effect test Result

Dependent Variable: Y
Method: Panel Least Squares
Date: 06/10/24 Time: 03:55
Sample: 2021 2022
Periods included: 2
Cross-sections included: 27
Total panel (balanced) observations: 54

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.009586	4.047671	1.978814	0.0536
X1	-0.025781	0.071855	-0.358788	0.7213
X2	0.679819	0.301162	2.257317	0.0286
X3	0.007935	0.147633	0.053747	0.9574
X4	0.424624	0.135891	3.124745	0.0030
X5	-0.000213	0.000213	-0.998897	0.3229

R-squared	0.308681	Mean dependent var	21.72241
Adjusted R-squared	0.236669	S.D. dependent var	1.450751
S.E. of regression	1.267504	Akaike info criterion	3.416416
Sum squared resid	77.11519	Schwarz criterion	3.637414
Log likelihood	-86.24322	Hannan-Quinn criter.	3.501646
F-statistic	4.286505	Durbin-Watson stat	1.365714
Prob(F-statistic)	0.002649		

Source: Processed Data Eviews 12, 2022

Based on the table 9, the results of the regression calculations processed in the table data above then it can be formulated that the panel data regression equation is as follows:

$$Y = 8.00958595345 - 0.0257807654062*X1 + 0.679818803654*X2 + 0.00793489512352*X3 + 0.424623945509*X4 - 0.000213021849358*X5$$

Hypothesis test

Coefficient of Determination Test

Serves to measure the model's tolerance for the dependent variable varies.

Table 10 Coefficient of Determination Test Results

R-squared	0.308681	Mean dependent var	21.72241
Adjusted R-squared	0.236669	S.D. dependent var	1.450751
S.E. of regression	1.267504	Akaike info criterion	3.416416
Sum squared resid	77.11519	Schwarz criterion	3.637414
Log likelihood	-86.24322	Hannan-Quinn criter.	3.501646
F-statistic	4.286505	Durbin-Watson stat	1.365714
Prob(F-statistic)	0.002649		

Source: Processed Data Eviews 12, 2022

Based on table 10, it shows the results at an R-squared value of 0.308681, this number will be converted into a percent, which means the percentage contribution of the independent variable's influence on the dependent variable. So the contribution of the variables institutional ownership, company risk, independence of the board of commissioners, company size and profitability in this study explains 30.86% of the variation in the audit fee variable. Meanwhile, the remaining 69.14% is influenced by other variables not measured in this regression model.

Partial Hypothesis Testing (T Test)

The t statistical test basically shows how much influence an explanatory or independent variable individually has in explaining variations in the dependent variable (Ghozali, 2018). Theconditions for accepting or rejecting a hypothesis are as follows: If the probability value is <0.05, then the hypothesis is accepted. However, if the probability value is > 0.05, then the hypothesis isi rejected.

Table 11. Partial Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.009586	4.047671	1.978814	0.0536
X1	-0.025781	0.071855	-0.358788	0.7213
X2	0.679819	0.301162	2.257317	0.0286
X3	0.007935	0.147633	0.053747	0.9574
X4	0.424624	0.135891	3.124745	0.0030
X5	-0.000213	0.000213	-0.998897	0.3229

Source: Processed Data Eviews 12, 2022

Based on table 11, the t results in the table above, it can be concluded that:

a. Institutional Ownership has a probability of 0.7213. This value shows 0.7213 > 0.05, meaning that partial institutional ownership does not affect audit fees for state-owned companies listed on the IDX in 2021-2022. Apart from that, institutional ownership obtained a coefficient value of -0.025781 which indicates that this variable has a negative relationship.
b. Corporate Risk has a probability of 0.0286. This value shows 0.0286 < 0.05, meaning that the company's risk partially influences the audit fee in state owned companies registered on the IDX in 2021-2022. Apart from that, company risk obtained a coefficient value of 0.679819 which shows that this variable has a positive relationship.
c. The independence of the Board of Commissioners has a probability of 0.9574. This value shows 0.9574 > 0.05, meaning that partial independence of the board of commissioners does not affect audit fees for state-owned companies listed on the IDX in 2021-2022. In addition, the independence of the board of commissioners obtained a coefficient value of 0.007935 which indicates that this variable has a positive relationship.
d. Company Size has a probability of 0.0030. This value shows 0.0030 < 0.05, meaning that the size of the company partially influences the audit fee in state-owned companies registered

on the IDX in 2021-2022. Apart from that, company size obtained a coefficient value of 0.424624 which shows that this variable has a positive relationship.

e. Profitability has a probability of 0.3229. This value shows 0.3229 > 0.05, meaning that partial profitability does not affect audit fees for state-owned companies listed on the IDX in 2021-2022. Additionally, profitability obtained a coefficient value of -0.000213 which indicates that this variable has a negative relationship.

Discussion

The Influence of Institutional Ownership on Audit Fees

Institutional Ownership has a probability of 0.7213. This value shows 0.7213 > 0.05, meaning that partial institutional ownership does not affect audit fees n state-owned companies registered on the IDX in 2021-2022. Apart from that, institutional ownership obtained a coefficient value of -0.025781 which indicates that this variable has a negative relationship. This can be because the decision to conduct a high-quality audit does not depend only on the size of institutional ownership, but depends on how much management wants to gain investors' trust in the information contained in the financial reports. The results of this research are in line Maulana Yusuf (2016), Triyanto & Sulistiyaningrum (2023) and (Wedari, 2016) who state that institutional ownership has no effect on audit fees.

The Influence of Company Risk on Audit Fees

Corporate Risk has a probability of 0.0286. This value shows 0.0286 < 0.05, meaning that the company risk partially influences audit fees for state-owned companies listed on the IDX in 2021-2022. In addition, the company's risk obtains a coefficient value 0.679819 which indicates that this variable has a positive relationship. This is because company risk is one part of audit risk. Weak financial conditions will increase audit risk. Generally, when an auditor accepts an audit assignment, the auditor must also determine the amount of the audit fee by considering the audit risk. The higher the audit risk, the greater the effort required to carry out testing and establish more effective procedures. The results of this research are in line with research by Ananda (2019), Asri & Nurbaiti (2024), Azizah (2021), Fahrie & Hakim (2021), dan Setiani (2020) who stated that company risk influences audit fees.

The influence of the independence of the board of commissioners on audit fees

The independence of the Board of Commissioners has a probability of 0.9574. This value shows 0.9574 > 0.05, meaning that partial independence of the board of commissioners does not affect audit fees for state-owned companies listed on the IDX in 2021-2022. Apart from that, the independence of the board of commissioners obtained a coefficient value of 0.007935 which shows that this variable has a positive relationship. These results can be interpreted as meaning that the independence of the board of commissioners in a company does not affect the supervisory function of management performance in creating better reliability and validity of financial reports. The superiority of financial reports which are based on the large number of independent commissioners in a company, does not affect the decline in Audit Fees. In other words, the board of commissioners alone is sufficient to carry out supervisory functions in a company. The results of this research are in line with research by Alfino & Sinaga (2020), ftikha & Nazar (2021), Putri & Utama (2014) which states that the independence of the board of commissioners has no effect on audit fees.

The Influence of Company Size on Audit Fees

Company Size has a probability of 0.0030. This value shows 0.0030 < 0.05, meaning that company size partially influences audit fees for state-owned companies listed on the IDX in 2021-2022. Apart from that, company size obtained a coefficient value of 0.424624 which shows that this variable has a positive relationship. This is because the larger the size of the company,

the greater the amount of evidence that must be collected, thus requiring additional audit procedures and automatically the time required to carry out an audit will increase, which in turn will have an impact on greater audit fees. These results are in line with research from Hasan & Pertiwi (2019), Hasan (2017), and Yulianti (2019) which states that company size has an effect on audit fees.

The Effect of Profitability on Audit Fees

Profitability has a probability of 0.3229. This value shows 0.3229 > 0.05, meaning that partial profitability does not affect audit fees for state-owned companies listed on the IDX in 2021-2022. In addition, profitability acquires a coefficient value -0.000213 which indicates that this variable has a negative relationship. This is because companies that have high agency costs then the agency conflicts that occur within the company are also higher. In fact, to achieve a high level of profitability a company must mobilize all resources including employees, directors and shareholders to comply with the company's goals. So therefore, Companies that have a level of profitability are companies that have a low level of agency so that agency costs including audit costs can be emphasized. These results are in line with research results from Sastradipraja (2021), Sulistiawati & Amyar (2022), and Ginting (2022) which state that profitability has no effect on audit fees.

4. Conclusion

Institutional ownership has no effect on audit fees (FA). This means that the greater the amount of institutional ownership will not affect the audit fees paid.Company risk influences audit fees (FA). This means that whether the company's risk is big or small will affect the amount of audit fees paid.The independence of the board of commissioners has no effect on audit fees (FA). This means that the greater the independence of the board of commissioners does not affect the audit fees paid.Company size influences audit fees (FA). This means that the size of the company will affect the amount of audit fees paid.Company profitability has no effect on audit fees (FA). This means that the size of the company will not affect the amount of audit fees paid.

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