International Journal of Education, Social Studies, And Management (IJESSM)
e-ISSN : 2775-4154
Volume 5, Issue 2, June 2025
The International Journal of Education, Social Studies, and Management (IJESSM) is published 3 times a year (**February, Juny, November**).
Focus : Education, Social, Economy, Management, and Culture.
LINK : http://lpppipublishing.com/index.php/ijessm

The Influence of the Audit Committee and Company Age on the Financial Report Quality of Energy Sector Companies Listed on the Indonesia Stock Exchange

Indrawati Hintalo[1], Onong Junus[2], Novaliastuti Masiaga[3], Olfin Ishak[4]
[1,2,3,4] *Universitas Gorontalo, Indonesia*

ARTICLE INFO
Article history:
Received
15 March 2025
Revised
25 April 2025
Accepted
01 Mei 2025

ABSTRACT

This study aimed to analyze the effect of the audit committee and company age on the quality of financial statements in energy sector companies listed on the Indonesia Stock Exchange (IDX). The research sample consisted of 15 companies selected using purposive sampling method based on certain criteria, such as being listed on the IDX main board, having annual financial reports during the 2017-2022 period, and reporting positive profits. The method used in this research is a quantitative approach with multiple linear regression analysis used to test the hypothesis. The results showed that the audit committee had no significant effect on the quality of financial statements, while the age of the company had a negative effect. This finding indicates that the longer the company operates, the possibility of declining financial statement quality, which can be caused by factors such as suboptimal accounting practices or a decrease in the effectiveness of corporate governance. Therefore, stricter oversight is needed to ensure transparency and accountability of financial statements in the energy sector.

Keywords: *Audit Committee, Company Age, Financial Statement Quality.*

Corresponding Author : onong_junus@unigo.ac.id

INTRODUCTION

The quality of financial reports plays a crucial role in the business world as it reflects a company's performance and financial position. Yuliana & Gunawan, (2020) Emphasizing that good earnings quality is a key indicator in financial reports, reflecting a company's stability and sustainability. Besides earnings, the audit opinion from an external auditor also serves as a determining factor in investor and creditor trust in financial reports (Pratiwi et al., 2019).

Company value is closely related to the quality of earnings generated. Wibowo & Permatasari, (2021) It was found that companies with stable earnings tend to have higher value, attracting investor interest. Arifin & Dewi, (2022) Adding that stock prices, as a performance indicator, often reflect investor confidence in a company's financial reports. According to Pratiwi *et al.*, (2019), Stock prices are more stable in companies with an unqualified audit opinion and high-quality earnings. Earnings quality is assessed through the sustainability and predictability of future income (Yuliana & Gunawan, 2020). The better the earnings quality, the higher the credibility of financial reports in investment decision-making.

Besides earnings, the audit opinion also plays a role in enhancing the quality of financial reports. Wibowo & Permatasari, (2021) States that a good audit opinion increases investor confidence as it indicates reliable financial reports. Arifin & Dewi, (2022) Emphasizes that financial report transparency can enhance public trust and the market value of a company. In this context, the research, Junus *et al.*, (2019) findings reveal that the implementation of IFRS-based Financial Accounting Standard can suppress or reduce the earnings management done by the company in which the lower earnings management decreases, the better the earnings quality.

However, some studies indicate that high-quality earnings do not always have a direct impact on investor decisions. External factors such as global market conditions and economic policies also influence investments, even when companies report stable earnings (Wibowo & Permatasari, 2021). Additionally, high earnings do not always align with an increase in company value in the long term. The relationship between audit opinions and investment decisions is also debated. Pratiwi *et al.*, (2019) Argues that an unqualified audit opinion provides assurance of financial report reliability, but some investors place greater emphasis on other factors such as global economic conditions and market trends. Arifin & Dewi, (2022) States that stock prices do not always move in line with financial report quality, as other factors may have a greater influence.

Besides the factors mentioned above, research Fitriana & Febrianto, (2020) Shows that company size and ownership structure also affect financial performance. Larger companies have better access to capital and technology, which supports operational efficiency and the quality of financial reports.

In this context, research on the influence of the audit committee and company age on financial report quality becomes increasingly important. Kusumastuti & Eri, (2019) Found that an active audit committee improves financial report quality, while company age plays a role in strengthening internal control systems. However, other studies suggest that company age does not always have a significant impact on financial report quality due to industry factors and business complexity. The energy sector faces significant challenges due to commodity price fluctuations and government regulations.

The profitability fluctuations of energy sector companies from 2017 to 2022 highlight the importance of financial report quality in providing transparent information to investors. Therefore, factors such as the audit committee and company age become key aspects in ensuring reliable financial reports.

Based on this phenomenon, this study aims to analyze the influence of the audit committee and company age on the financial report quality of energy sector companies listed on the Indonesia Stock Exchange. By understanding the factors affecting financial report quality, this research is expected to provide insights for investors, regulators, and academics in assessing the financial performance of energy sector companies.

RESEARCH METHOD

The population of this study consists of all energy sector companies listed on the Indonesia Stock Exchange (IDX), totaling 40 companies. According to Wijaya, (2012) in Masiaga, (2018), this approach allows researchers to evaluate the relationship between the independent variables, namely the audit committee and company age, with financial report quality, which is measured through earnings quality. The analytical model used in this study is formulated as follows.

The first structure:

$$Y = a + B1X1 + B2X2 + \varepsilon$$

Where :

Y = Financial Statement Quality
X1 = Audit Committee
X2 = Company Age
a = Constant
B1B2 = The regression coefficient of each variable
ϵ = Error Term

RESULT AND DISCUSSION

Normality Test

Table 1.
Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		90
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	9,81759491
Most Extreme	Absolute	,140

International Journal of Education, Social Studies, And Management (IJESSM)
Volume 5, Issue 2, June 2025
Page 568-577

Differences	Positive	,140
	Negative	-,087
Kolmogorov-Smirnov Z		1,327
Asymp. Sig. (2-tailed)		,059

Source: Processed Data from SPSS, 2025

From Table 1, it can be seen that the data in the regression model is considered to be normally distributed, as the residual data value of 0.059 is greater than 0.05.

Multicollinearity Test

Table 2.
Multicollinearity Test

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	15,024	5,255		2,859	,005		
	Audit Committee	,147	,126	,120	1,161	,249	,993	1,007
	Company Age	-,174	,075	-,240	-2,322	,023	,993	1,007
a. Dependent Variable: Financial Statement Quality								

Source: Processed Data from SPSS, 2025

With the results of the multicollinearity test in Table 2 of this study's data, it is found that the VIF value of 1.007 < 10.00 and the Tolerance value of 0.993 > 0.10. Therefore, it can be concluded that the data in this study is free from multicollinearity.

Heteroscedasticity Test

Table 3.
Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,332	3,129		2,024	,046
	Audit Committee	,085	,075	,120	1,133	,260

	Comapany Age	-,055	,045	-,131	-1,235	,220

Source: Processed Data from SPSS, 2025

Based on the test results in Table 3 above, it can be seen that the Audit Committee coefficient has a significance value of 0.260, and the Company Age coefficient has a significance value of 0.220, both of which are greater than 0.05. This indicates that neither variable has a heteroscedasticity problem in the regression model. Thus, the model meets the homoscedasticity assumption, meaning that the residual variance is constant and the regression model can be used for further analysis.

Statistical Descriptive Test

Table 4.
Statistical Descriptive Test

	N	Minimum	Maximum	Mean	Std. Deviation
Auit Committee	90	33,33	66,66	35,5520	8,36054
Company Age	90	10	62	28,90	14,077
Financial Statement Quality	90	2,55	46,31	15,2056	10,21814
Valid N (listwise)	90				

Source: Processed Data from SPSS, 2025

Based on the descriptive statistical results, this study uses 90 samples. The audit committee (X1) ranges from 33.33% to 66.66%, with an average of 35.55% and a standard deviation of 8.36, indicating small variations among companies. Company age (X2) ranges from 10 to 62 years, with an average of 28.90 years and a standard deviation of 14.08, reflecting diversity in company age. Financial report quality (Y) varies between 2.55 and 46.31, with an average of 15.21 and a standard deviation of 10.22, indicating significant differences that may be influenced by governance and accounting compliance.

Hypothesis Testing

T-Test (Partial Test)

Table 5. T-Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15,024	5,255		2,859	,005
	Audit Committee	,147	,126	,120	1,161	,249

	Company Age	-,174	,075	-,240	-2,322	,023

a. Dependent Variable: Financial Statement Quality

Source: Processed Data from SPSS, 2025

The T-test results show that the audit committee (t-value 1.161; sig. 0.249) does not have a significant effect because the t-value is less than the t-table value (1.988). Conversely, company age (t-value -2.322; sig. 0.023) has a significant negative effect on the dependent variable, meaning that as the company's age increases, the dependent variable decreases. Additionally, the constant (t-value 2.859; sig. 0.005) indicates that the regression model is significant. Overall, only company age has a significant effect, while the audit committee does not.

Test of the Coefficient of Determination (R Square)

Table 6.
Test of the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,277[a]	,077	,056	9,92980

Source: Processed Data from SPSS, 2025

Based on the results of the R Square (Coefficient of Determination) test, a value of 0.077 or 7.7% was obtained, meaning that the independent variables in this study can only explain 7.7% of the changes in the dependent variable. In other words, the model used in this study is not strong in explaining the factors influencing the dependent variable, as the majority of the variation (92.3%) is influenced by other factors not included in this model.

Multiple Linear Regression Analysis

Table 7.
Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15,024	5,255		2,859	,005
	Komite Audit	,147	,126	,120	1,161	,249
	Umur Perusahaan	-,174	,075	-,240	-2,322	,023

Source: Processed Data from SPSS, 2025

The constant of 15.024 indicates that if the audit committee (X1) and company age (X2) are both zero, the dependent variable (Y) will have a value of 15.024. The audit committee coefficient of 0.120 suggests that each 1-unit increase in X1 will increase Y by 0.120, assuming other variables remain constant. Conversely, the company age coefficient of -0.240 indicates a negative relationship, where each 1-unit increase in X2 will decrease Y by 0.240. The standard error of 5.255 reflects the degree of data variation around the regression line.

DISCUSSION

The Influence of the Audit Committee on Financial Report Quality

The research results show that the audit committee (X1) does not have a significant effect on financial report quality (Y), with a significance value of 0.249 (>0.05), leading to the rejection of the research hypothesis. These findings are consistent with the study conducted by Siregar, (2020), which states that the effectiveness of the audit committee depends on its independence and supervisory function. The data in Table 5.1 shows that most companies have only one independent audit committee member, leading to a high potential for conflicts of interest and less effective oversight.

The lack of changes in the level of audit committee independence from 2017 to 2022 reflects minimal efforts to improve corporate governance. Additionally, although PT Harum Energy Tbk (HRUM) has a higher level of independence (66.66%), this does not automatically enhance the quality of financial reports, indicating that other factors such as audit committee competence and managerial pressure also play a role.

Research Wahyuningsih & Andraeny, (2023), Shows that audit committee meetings are often merely formalities without in-depth evaluation of financial reports, reducing the effectiveness of oversight. Susanto & Wibowo, (2021) Also found that the low independence of the audit committee weakens oversight, resulting in no significant improvement in financial report quality. Similar findings were stated by Nurjannah & Pratomo, (2021) and Amalia, (2021), Which indicates that the audit committee has no impact on the integrity of financial reports. Wijayanti & Yuliana, (2020) Emphasizes that the effectiveness of the audit committee depends on other factors, such as the quality of external audits and shareholder pressure.

Hidayat, (2020) States that an audit committee that actively reviews financial reports and provides recommendations tends to enhance transparency. However, if its role is merely formal, the impact becomes insignificant. Putra & Wati, (2018) Also found that the presence of an audit committee does not always determine the integrity of financial reports. Thus, low independence and the lack of an active role of the audit committee are the main factors that lead to no significant impact on financial report quality.

The Effect of Company Age on Financial Report Quality

The company age variable has a regression coefficient of -0.174 with a significance value of 0.023, which is smaller than 0.05. This indicates that company age has a significant impact on financial report quality, with a negative relationship. The longer a company operates, the more its financial report quality tends to decline due to conservative accounting policies and increasing operational complexity, which can heighten the risk of errors or financial statement manipulation.

These findings are in line with the research of Putra & Rahayu, (2019), Which states that companies with a longer lifespan tend to experience a decline in financial report quality due to the pressure to maintain financial stability. Scott, (2015) Also explains that the increasing operational complexity in older companies can reduce the efficiency of financial reporting.

Hidayat & Wicaksono, (2021) Found that older companies have a more complex organizational structure, which can slow responses to regulatory changes and increase the risk of financial reporting inaccuracies. Rahman *et al.*, (2021) Found a negative and insignificant effect between company age and financial report quality, while Wijayanti & Saputra, (2022) States that older companies are more at risk of applying conservative accounting practices, which can reduce the relevance of financial information for investors. Therefore, companies with a longer lifespan need to update their financial reporting policies to remain transparent and accurate.

CONCLUSION

The research results show that the audit committee does not have a significant impact on financial report quality. This finding indicates that the mere presence of an audit committee is not sufficient to improve financial report quality without effective oversight supported by the other independence, competence, and the involvement of management and shareholders. On hand, company age has a significant but negative effect on financial report quality. This suggests that the longer a company operates, the lower its financial report quality tends to be. This may be attributed to the pressure to maintain financial stability and investor appeal, increasing the risk of earnings management practices.

REFERENCES

Amalia, R. (2021). Pengaruh independensi komite audit terhadap integritas laporan keuangan perusahaan di Indonesia. *Jurnal Akuntansi dan Keuangan*, 18(2), 123-135.

Arifin, T., & Dewi, S. (2022). Pengaruh kualitas laba terhadap harga saham: Studi pada perusahaan sektor energi di BEI. *Jurnal Ekonomi dan Bisnis*, 25(3), 87-101.

Fitriana, N., & Febrianto, R. (2020). Struktur kepemilikan dan pengaruhnya terhadap kinerja keuangan perusahaan. *Jurnal Manajemen Keuangan*, 15(1), 45-58.

Hidayat, R. (2020). Peran komite audit dalam meningkatkan transparansi laporan keuangan perusahaan publik. *Jurnal Tata Kelola Keuangan*, 22(4), 213-229.

Hidayat, R., & Wicaksono, B. (2021). Kompleksitas operasional dan risiko kesalahan laporan keuangan: Studi pada perusahaan besar di Indonesia. *Jurnal Riset Akuntansi*, 10(2), 55-72.

Junus, O., Soetedjo, S., & Habiburrochman, H. (2019). Earnings quality: The impact of implementation of IFRS-based financial accounting standard. *Opción*, 35(24), 890-908.

Kusumastuti, R., & Eri, P. (2019). Komite audit dan efektivitas pengendalian internal: Studi empiris pada perusahaan sektor energi. *Jurnal Tata Kelola Keuangan*, 17(3), 77-91.

Nurjannah, T., & Pratomo, Y. (2021). Komite audit dan kualitas laporan keuangan: Studi pada perusahaan publik di Indonesia. *Jurnal Akuntansi dan Audit*, 19(4), 133-149.

Pratiwi, N., et al. (2019). Opini Audit Dan Stabilitas Harga Saham: Bukti dari pasar modal Indonesia. *Jurnal Keuangan dan Pasar Modal*, 12(2), 61-74.

Putra, D., & Rahayu, M. (2019). Dampak umur perusahaan terhadap kualitas laporan keuangan: Perspektif konservatisme akuntansi. *Jurnal Keuangan Perusahaan*, 16(1), 33-49.

Putra, D., & Wati, N. (2018). Keberadaan komite audit dan integritas laporan keuangan di perusahaan publik Indonesia. *Jurnal Manajemen dan Bisnis*, 14(3), 98-112.

Rahman, H., et al. (2021). Umur perusahaan dan kualitas laporan keuangan: Studi pada perusahaan sektor manufaktur. *Jurnal Akuntansi dan Bisnis*, 23(1), 27-41.

Scott, W. R. (2015). *Financial accounting theory* (7th ed.). Pearson Education.

Siregar, M. (2020). Independensi komite audit dan efektivitas pengawasan keuangan perusahaan. *Jurnal Keuangan Korporasi*, 18(2), 105-120.

Susanto, E., & Wibowo, R. (2021). Efektivitas pengawasan komite audit terhadap pelaporan keuangan perusahaan Indonesia. *Jurnal Akuntansi dan Keuangan*, 20(4), 67-81.

Wahyuningsih, A., & Andraeny, T. (2023). Evaluasi peran komite audit dalam tata kelola perusahaan di Indonesia. *Jurnal Tata Kelola*, 24(1), 55-72.

Wijayanti, A., & Saputra, L. (2022). Konservatisme akuntansi dan pengaruhnya terhadap kualitas laba perusahaan. *Jurnal Akuntansi Perusahaan*, 21(3), 88-104.

Wijayanti, A., & Yuliana, P. (2020). Komite audit dan kualitas laporan keuangan: Perspektif tata kelola perusahaan. *Jurnal Akuntansi dan Tata Kelola*, 19(3), 45-61.

Wibowo, S., & Permatasari, D. (2021). Kualitas laba dan nilai perusahaan: Bukti dari sektor energi di Bursa Efek Indonesia. *Jurnal Riset Keuangan*, 22(2), 75-90.

Yuliana, P., & Gunawan, R. (2020). Kualitas laba sebagai indikator utama dalam laporan keuangan perusahaan. *Jurnal Ekonomi dan Keuangan*, 18(3), 112-127.