

ABSTRACT

Audit fees are the amount of fees received by public accountants adjusted for assignments, complexity of services, level of expertise in connection with providing financial statement audit services. The rules related to audit fees were made by the Indonesian Institute of Certified Public Accountants (IAPI) in Management Regulation Number 2 of 2016 concerning "Determination of Audit Services Audit Fee". However, in fact the disclosure of audit fee amounts in most companies is carried out implicitly, which means that audit fees are presented together with professional services in the company's income statement.

This study aims to determine the effect of company size, company complexity, political connections, company risk, and industry auditor specialization on audit fees for consumer goods sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. The samples used in this study were 80 samples using purposive sampling. Data in this study were analyzed with descriptive statistics and panel data regression.

Results showed company size, company difficulties, political connections, company risk, and auditor industry specialization influence simultaneously on audit costs. Partially, company size has a positive effect on cost audits, and auditor industry specialization has a negative effect on cost audits. While corporate complexity, political connections, and corporate risk do not affect audit costs.

It is recommended that researchers then use the audit fees for proxies explicitly provided in the earnings report, so it is necessary to choose a sector that shows the actual audit costs or use a sample of data from all companies going public. For public accounting firms need to look at the size of the company to consider the size of audit fees and for companies asking to use the services of specialist auditors to return audit fees.

Key Word: Audit fees, company size, political connections, company risk, and auditor industry specialization.