

ABSTRACT

The audit fee is the fee given to the external auditor based on the scope his assignment of the company. The rules for determining the audit fee factors are stated in the Decree No. KEP. 024/IAPI/VII/2008 on the policy of determining the Audit Fee issued by the Institute of Indonesian Public Accountants (IAPI). However, the audit fee on Statement of Profit or Loss and Other Comprehensive Income in Indonesia is not all explicitly stated, but incorporated in the size of professional fees.

This Study aims to determine the influence of financial factors (profitability, cost leadership, and leverage) and non-financial (independent audit committee and industry specialisation of auditors) on the audit fee of the agricultural sector companies listed on the Indonesia Stock Exchange (IDX) period 2014 – 2018. The population in this research is all agricultural sector companies listed on the Indonesia Stock Exchange (IDX) period 2014 – 2018. Samples produced as much as 55 samples using purposive sampling. However, there are outliers that interfere with the model of 12 data, so that the remaining research data is 43 data. Data on this research were analyzed with descriptive statistics and data regression panels.

The results showed that profitability, cost leadership, leverage, independent audit committee and industry specialisation of auditors have a simultaneous effect on audit fee. Partially, leverage, independent audit committee and industry specialty auditors have a positive effect on the audit fee, while profitability and cost leadership have no significant influence on audit fee. Although cost leadership does not affect the audit fee, it is a variable renewal in this study.

Keywords: audit fee, profitability, cost leadership, leverage, independent audit committee, and industry specialisation of auditors.