JURNAL
Riset Akuntansi dan Keuangan Indonesia
URL : http://journals.ums.ac.id/index.php/reaksi/index

# Determinants of Key Audit Matters Disclosure: Evidence from Indonesia

[1]Gina Pertiwi Khoerunnissa, [2]Poppy Dian Indira Kusuma, [3]Miftakhul Jannah.
[1,2]University of General Soedirman, Indonesia
[3]University of Sheffield, United Kingdom
email: poppy.kusuma@unsoed.ac.id

**Keywords:**
key audit matters, auditor, audit fee, technology, governance, Indonesia.

**ABSTRACT**
This study aims to examine the determinants of key audit matters (KAM) disclosure in Indonesia. The sample consists of 951 companies listed on the IDX during 2022-2024. Data from 1,770 audit reports were analyzed using multiple regression analysis. The results show that audit fees and corporate governance have a positive relationship with key audit matters disclosure. However, this study fails to prove the positive relation between Big 4 auditors and key audit matters disclosure, as well as between female auditors and key audit matters disclosure. Meanwhile, the audit technology is proven to have a negative relationship with key audit matters disclosure. These results imply the importance of determining appropriate audit fees and the significance of having effective corporate governance in place.

p-ISSN:1411-6510
e-ISSN:2541-6111

## INTRODUCTION

Key audit matters (KAM) are an important component of the audit report. The goal of reporting KAM is to provide transparency about significant areas in the client's financial statements. The disclosure of KAM can improve investors' comprehension of the financial statements (Ong et al., 2022) and help investors evaluate the company's risk (Maroun et al., 2025). These advantages can be acquired because, by identifying significant audit issues, auditors become more focused on critical parts of financial statements, as well as more comprehensive and professional in their audits.

ASEAN countries have adopted the disclosure of KAM at various degrees. Thailand and Malaysia, for example, compelled disclosure of critical audit matters before Indonesia, with more strict legislation to improve transparency. Malaysia began implementing critical audit concerns disclosure regulations in 2017, while Thailand did so in 2018. The disparity in implementation time shows each country's readiness to adopt global audit standards.

Data from the Institute of Indonesian Chartered Accountants shows that in the first year of the implementation of International Standard on Auditing (ISA) 701, the average KAM disclosed in Indonesia was 1.22. When compared to several countries, the average disclosure of KAM in Indonesia remains low. For example, in Thailand, New Zealand, Malaysia, and Singapore, the average of KAM disclosure is 2.06, 2.00, 2.09, and 2.30, respectively (ACCA, 2018; Tangruenrat, 2017; XRB, 2020). The average disclosure in 3 European countries is even higher, reaching 3.8 (Pinto & Morais, 2019).

As part of attempts to promote financial transparency, Indonesia has made disclosure of KAM mandatory since 2022. Table 1 demonstrates the KAM disclosure in Indonesia since the implementation of ISA 701. It shows the percentage of companies that disclose KAM based on the number of issues disclosed.

It is known from Table 1 that the largest number of KAM revealed in the audit report is only 6 issues. As many as 39 (6.73%) companies did not even report KAM. Most companies (68.95%) disclose only one issue of KAM. Furthermore, only one company (0.17%) disclosed 6 KAM, which was the highest. These data altogether show that Indonesia has a low disclosure rate for KAM.

**Table 1. Number of KAM per Audit Report**

| Number of KAM | Number of Companies | Percentage |
|---|---|---|
| 0 | 39 | 6.73% |
| 1 | 405 | 68.95% |
| 2 | 114 | 19.69% |
| 3 | 13 | 2.25% |
| 4 | 6 | 1.04% |
| 5 | 1 | 0.17% |
| 6 | 1 | 0.17% |
| Total | 579 | 100% |

Source: web.iaiglobal.or.id

Research in several countries shows that disclosure of KAM leads to positive outcomes. For example, in the Chinese market, disclosure of KAM can improve accuracy and reduce the diversity of analyst forecasts. The disclosure of KAM has also been proven to improve the audit quality by providing more detailed risk assessments (Sun et al., 2024). A similar study conducted by (Venturini et al., 2024) in Brazil also proves that the disclosure of KAM is related to financial restatements. The more extensive the disclosure of KAM, the less likely a company is to restate its financial statements.

The disclosure of KAM is often associated with various factors, such as the characteristics of the auditor and its client. For example, research by (Dusadeedumkoeng et al., 2023) proves that large companies with complex operations tend to show more KAM in their audit reports. This may be due to that auditors perceive the complexity as related to risk and tend to reveal more KAM to reduce the risk of litigation. This is in line with (In et al., 2020), who show that auditors generally adopt a conservative approach in reporting KAM to reduce litigation risk.

ISA 701 has provided guidelines for the disclosure of KAM. However, the auditor's professional judgment and experience have a greater influence on determining which KAM to reveal (Bepari et al., 2024). Previous studies have shown that the disclosure of KAM is influenced by several factors, such as the reputation of public accounting firms, audit fees, auditor gender, and the complexity of financial statements (Boonlert-U-Thai & Suttipun, 2023; Dusadeedumkoeng et al., 2023; Pinto & Morais, 2019; Rahaman et al., 2023; Sarhan et al., 2019; Sumartono & Ardianto, 2025; Wuttichindanon & Issarawornrawanich, 2020). This evidence demonstrates that characteristics of auditors and the audited company can all influence the disclosure of KAM.

Research on the disclosure of KAM in improving audit quality has been extensively conducted in developed countries; however, it remains under-examined in developing countries, especially in Indonesia (Sumartono & Ardianto, 2025). Likewise, studies that explore factors that affect KAM in Indonesia are scarce (Dinata & Cheisviyanny, 2024; Fattahaulia Qadrina & Raharja, 2024; Sumartono & Ardianto, 2025).This research seeks to fill the existing gap by providing additional empirical evidence on research on KAM in the Indonesian context. Thus, this research aims to address the current gap by providing additional empirical evidence on KAM disclosure in the Indonesian context. This study aims to be more comprehensive in its examination by considering factors that are associated with the characteristics of the auditor and the supporting factors that can bolster the audit's efficacy.

The objective of this study is to investigate the impact of the Big 4 auditors, audit fees, auditor gender, audit technology, and corporate governance on the disclosure of KAM in the audit reports of public companies listed on the Indonesia Stock Exchange. Factors associated with auditor characteristics include female auditors and the Big 4 auditors. Supporting factors that facilitate the audit process include audit technology, audit fees, and corporate governance. These factors are pertinent to investigate due to the fact that auditor characteristics have been demonstrated to impact the disclosure of KAM (Gunno & Penawuthikul, 2018; Segal, 2019). Furthermore, it is highly pertinent to conduct research on KAM in the Indonesian context, as the nature and extent of disclosure of KAM differ between companies (Norazura & Amanuddin, 2018), and probably among countries.

The results of this study make a contribution, both theoretical and practical. This study contributes to the auditing literature by explaining the factors influencing the disclosure of KAM in the Indonesian context. Practically, this study offers insights to auditors and companies regarding the significance of understanding the factors influencing the disclosure of KAM, which are pertinent to signify an enhanced audit quality.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### KAM Disclosure of

KAM, according to ISA 701, are issues or areas deemed most significant according to the auditor's professional judgment in the audit of financial statements. KAM are typically communicated to those accountable for corporate governance. The disclosure of KAM is intended to provide users with a better understanding of the key areas that the audit is focused on. The disclosure of KAM in audit opinion reports plays an important role in enhancing transparency and the quality of communication between auditors and stakeholders. ISA 701 stipulates that the identification of KAM relies on three criteria: (1) areas with substantial risk of misstatement, (2) the auditor's assessment of areas in the financial statements that involve considerable management judgement, and (3) their impacts on audits of significant transactions. Therefore, previous studies measured the disclosure of significant audit matters using various proxies, such as readability (Velte, 2018), the quantity of critical audit matters identified (Pinto & Morais, 2019), and word count (Muttanachai, 2020; Wuttichindanon & Issarawornrawanich, 2020). Therefore, the disclosure of KAM in previous studies was measured through several proxies, including readability (Velte, 2018), number of KAM issues (Pinto & Morais, 2019), and number of words (Muttanachai, 2020; Wuttichindanon & Issarawornrawanich, 2020).

### Big 4 Auditors and the Disclosure of KAM

One of the characteristics of auditors studied in this study is the Big 4 and non-Big 4 auditors. The Big 4 public accounting firms refer to the four largest professional auditor services networks in the world, namely Price Waterhouse Coopers, Ernst and Young, Deloitte, and Klynveld Peat Marwick Goerdeler (KPMG). These firms dominate the global audit market and are renowned for their exceptional audit services. In comparison to non-Big 4 auditors, Big 4 auditors are frequently perceived as offering superior audit services. This assessment is typically attributed to the significant investment in audit technology, reputation, potential litigation

p-ISSN:1411-6510
e-ISSN :2541-6111

risk, more sophisticated audit methods, and more resources at the Big 4 audit firms (Khurana & Raman, 2004; Blokdijk et al., 2006).

Previous researchers, such as (Rahaman et al., 2023), (Wuttichindanon & Issarawornrawanich, 2020), (Srisuwan et al., 2024), (Sumartono & Ardianto, 2025), and (Ferreira & Morais, 2020), have demonstrated the beneficial impact of Big 4 auditors on the disclosure of critical audit matters. This study predicts that Big 4 accounting firms are more concerned with litigation risk and audit quality than non-Big 4 audit firms, in accordance with previous research (Tangruenrat, 2017; Wuttichindanon & Issarawornrawanich, 2020). This is due to their increased visibility. Accordingly, Big 4 auditors are more likely to disclose more KAM, compared to non-Big 4 auditors, to minimize litigation risk and to signal a high audit quality. Thus, the first hypothesis of this study is formulated as follows:

**$H_1$:** Big 4 auditors positively correlate with KAM disclosure.

### Audit Fees and the Disclosure of KAM

Audit fee is the amount charged by an auditor to the client for the completion of an audit task. Previous studies have found a positive relationship between audit fees and some outcomes. For instance, (Van et al., 2022) found that higher audit fee is positively related to an increased audit quality. This is due to that the high fee is tied to audit complexity and risk, as well as the need for more extensive audit procedures. According to (Zhang & Shailer, 2021), audit fees tend to rise when new risks are identified and when there are significant changes in the client's operations. Kitiwong et al. (2024), also show that the identification of significant areas in financial statements generally leads to higher audit fees. In line with Kitiwong et al. (2024), research conducted by Aljerd & Abazeed (2025) proves that the length and type of KAM disclosed are positively related to audit fees. Several other studies, including Baatwah et al., (2024), Cameran & Campa (2025), Dhull et al. (2025), Li et al. (2023), Murphy et al. (2025), and Pinto & Morais (2019), have found a favourable association between audit fees and KAM disclosure. Based on the discussion so far, this study hypothesizes:

**$H_2$:** Audit fees positively correlate with KAM disclosure.

### Female Auditors and Disclosure of KAM

Previous studies have linked auditors' gender to a variety of outputs, including audit quality. They have frequently associated female auditors with higher audit quality (Garcia-Blandon et al., 2019; Jérôme et al., 2025). In addition, Bepari & Mollik (2023) found that female auditors reported more stable KAM, with fewer changes in KAM items disclosed from year to year, compared to male auditors. This stability is associated with a more heuristic preference for female auditors, which can lead to more consistent audit risk assessment. Female auditors are also reported to be more conservative in their audit approach and tend to disclose more information in their KAM disclosure, than their male counterparts (Ittonen & Peni, 2012). This suggests that female auditors may be more thorough in risk assessment and disclosure (Abdelfattah et al., 2021; L. J. He & Rivai, 2024). Thus, we hypothesize that:

**$H_3$:** Female auditors positively corelate with KAM disclosure.

### Audit Technology and KAM Disclosure

Audit technology advancements have transformed the way auditors acquire, process, and evaluate financial data, resulting in important changes in the auditing field. The use of technology, such as artificial intelligence, computer-assisted audit techniques (CAATs), machine learning, and data analytics, enables auditors to manage large amounts of data, obtain audit evidence more efficiently, detect nonconformities more accurately, increase auditor independence, and improve the audit process's effectiveness and efficiency. Some researchers have demonstrated the favorable effects of audit technology. Among the benefits of audit technology, based on previous studies, are improving audit quality, minimizing human error, increasing transparency, and strengthening investor confidence in financial statements (Alotaibi & Alnesafi, 2023; Askiah, 2025), increasing the effectiveness and efficiency of auditors in working (Eulerich et al., 2023), increasing transparency and stakeholder trust (Hezam et al., 2023), and improving audit quality and client perception of auditors (Fotoh & Lorentzon, 2023).

The use of technology in accounting firms and client firms has the potential to increase audit quality (Alma'aitah et al., 2024). In terms of disclosing KAM, audit technology can assist auditors in obtaining quality data by automating data collection, improving accuracy and completeness, as well as ensuring data security (Shan & Wang, 2024). Quality data makes it easier for auditors to discover significant audit areas, allowing them to encourage more relevant disclosure of KAM.

Consistent with prior studies, we argue that the existence of audit technology is essential to enhance KAM disclosure. The technology's ability to process big data and identify risks allows auditors to more easily determine KAM. This is possible because auditors who employ audit technology have a thorough understanding of the company's risks, which allows them to reveal more KAM in their audit reports. Thus, we hypothesize that:

**$H_4$:** Audit technology positively correlates with KAM disclosure.

### Governance and Disclosure of KAM Disclosure

Based on the argument of agency theory (Jensen & Meckling, 1976), corporate governance can be one of the mechanisms to mitigate agency problems. Audit can be one of the agency costs spent by a company to reduce agency problems. Governance mechanisms can take several forms, including the formation of an audit committee. The audit committee has a supervisory role within the corporation. Existing evidence demonstrates the role of corporate governance in improving audit quality (Chtaoui et al., 2024; Sarhan et al., 2019), reducing earnings management (Puwanenthiren & Sivarajah, 2022), and improving financial reporting transparency and accuracy (Vo & Ngoc, 2024).

In practice, auditors typically discuss KAM with the audit committee, which complies with the recommendation of ISA 701. The presence of an audit committee within the company can help to strengthen its governance structure. Some of the audit committee's responsibilities include supervising financial reporting and ensuring that internal and external audits are well functioning in the company (Abdallah et al., 2020; Kang, 2019; Wuttichindanon & Issarawornrawanich, 2020), reviewing company's financial statements and preparing an audit committee report containing opinions on the accuracy, completeness and reliability of financial statements (POJK No. 55/POJK.04/2015).

Previous studies undertaken in developed countries prove the positive relationship between audit committees and the disclosure of KAM (Boonlert-U-Thai & Suttipun, 2023; Sarhan et al., 2019; Velte, 2020; Velte & Issa, 2019; Wuttichindanon & Issarawornrawanich, 2020). However, those studies were undertaken in developed countries, while in developing countries like Indonesia, such studies are still limited (Dinata & Cheisviyanny, 2024; Fattahaulia Qadrina & Raharja, 2024; Sumartono & Ardianto, 2025). As a result, reinvestigating the impact of audit committees on the disclosure of KAM in Indonesia is critical. Thus, our hypothesis is formulated as follows:

**$H_5$:** Audit committee positively correlates with KAM disclosure.

## RESEARCH METHOD

The population of this study consists of all public companies listed on the Indonesian Stock Exchange from 2022 to 2024. This timeframe was chosen as the observation period, considering that the disclosure of KAM in Indonesia became mandatory in 2022. Samples were selected using a purposive sampling technique. The criteria for selecting the sample include public companies that have complete data of annual and audit reports for the 2022–2024 period. All data were manually gathered from the annual and audit reports, which are publicly available on the website of the Indonesian Stock Exchange and official company websites.

Table 1 summarizes all variables studied and their measurement. The dependent variable is KAM disclosure, while the independent variables consist of Big 4 auditors, audit fees, female audits, audit technology, and audit committees.

**Table 1. Measurement of Variables**

| Variables | Measurement |
|---|---|
| Big 4 Auditors | Coded 1 if the auditor is from the big 4 audit firms; 0 otherwise |
| Audit Fees | The amount of audit fee |
| Female Auditor | Coded 1 for female auditor; 0 otherwise |
| Audit Technology | Coded 1 if have an audit technology; 0 otherwise |
| Audit Committee | The number of audit committee meetings in a year |
| Key Audit Matters | The number of key audit matters issues disclosed in the auditor's report |

p-ISSN:1411-6510
e-ISSN :2541-6111

The hypothesis was tested using multiple regression analysis, with the following regression model:

$$KAM\iota\tau = \alpha + b1BIG4\iota,\tau + b2FEM\iota,\tau + b3FEE\iota,\tau$$
$$+b4TECH\iota,\tau + b5COM\iota,\tau + \varepsilon\iota,\tau$$

Where ,
$\alpha$ : constant
$b$ : regression coefficient
KAM: key audit matters disclosure
BIG4: Big 4 auditors
FEM: female auditors
FEE: audit fees
TECH: audit technology
COM: audit committee
$\varepsilon$ : error term

To address the problem of non-normal data distribution, a natural logarithmic transformation of the audit fee variable was performed to stabilize data variation. Furthermore, the issue of data outliers has been addressed by excluding extreme data from the analysis.

## RESULTS AND DISCUSSION

### Distribution of the Sample

Table 2 presents the distribution of the sample by sector and by year. As shown in Table 2, the data comprises 1,770 audit reports of 951 public companies from 11 sectors. Out of the 1,770 data observed, 542 are data for the financial year ending in 2022, 621 in 2023, and 614 in 2024. All sectors, except the industrial sector (43.28%) and consumer cyclicals (46.06%), represent over fifty percent of the total population. The number of audit reports in each year is unequal to take into account all relevant observations to ensure thoroughness.

**Table 2. Sample Distribution**

| Sector | No. of Audit Reports | | | | | % of Population (Year 2022) |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | Total | % | |
| Health Care | 20 | 22 | 23 | 65 | 3.672 | 57.14 |
| Basic Material | 63 | 74 | 74 | 211 | 11.92 | 56.75 |
| Financial | 79 | 80 | 82 | 241 | 13.61 | 75.23 |
| Transportation & Logistic | 25 | 28 | 26 | 79 | 4.463 | 67.56 |
| Technology | 24 | 28 | 25 | 77 | 4.350 | 51.06 |
| Consumer Non-Cyclical | 78 | 88 | 89 | 255 | 14.40 | 60.00 |
| Industrial | 29 | 40 | 43 | 112 | 6.327 | 43.28 |
| Energy | 58 | 67 | 64 | 189 | 10.67 | 64.44 |
| Consumer Cyclical | 76 | 94 | 89 | 259 | 14.63 | 46.06 |
| Infrastructure | 41 | 44 | 41 | 126 | 7.118 | 58.57 |
| Property | 48 | 52 | 56 | 156 | 8.813 | 51.06 |
| Total | 541 | 617 | 612 | 1770 | 100 | |

Source : information on the website of the Indonesian Stock Exchange as of July 2024

Table 3 illustrates the distribution of key audit matter disclosures by sector. It indicates that the healthcare industry exhibits the highest average of KAM disclosed (mean=1.769), whereas the property sector demonstrates the lowest (mean=1.160). The maximum number of KAM issues disclosed is 7, identified inside the technology industry. There are companies across all sectors, except for the healthcare industry, do not report major audit matters (number of KAM =0).

Table 3. Distribution of the KAM by Sector

| Sector | n | Mean | No. of KAM | |
|---|---|---|---|---|
| | | | Min | Max |
| Health Care | 65 | 1.769 | 1 | 6 |
| Basic Material | 211 | 1.331 | 0 | 4 |
| Financial | 241 | 1.448 | 0 | 4 |
| Transportation & Logistic | 79 | 1.392 | 0 | 4 |
| Technology | 77 | 1.324 | 0 | 7 |
| Consumer Non-Cyclical | 255 | 1.219 | 0 | 4 |
| Industrial | 112 | 1.517 | 0 | 5 |
| Energy | 189 | 1.291 | 0 | 3 |
| Consumer Cyclical | 259 | 1.270 | 0 | 3 |
| Infrastructure | 126 | 1.460 | 0 | 5 |
| Property | 156 | 1.160 | 0 | 3 |
| Total | 1,770 | 1.342 | 0 | 7 |

Source : information on the website of the Indonesian Stock Exchange as of July 2024

## Descriptive Statistics

Table 4 summarizes the descriptive statistics for all variables. Overall, the average disclosure of KAM issues is 1.342, with a minimum of 0 and a maximum of 7. The average audit committee meeting is 6 to 7 times per year. This indicates that the audit committee meets at least once every two months. This amount exceeds the Indonesian Capital Market Management and Supervisory Agency's (BAPEPAM) requirement of at least one meeting every three months. The audit fee data has been transformed with a natural log, revealing that the average audit fee is 20.250. This demonstrates that most audit companies charge a low audit fee, given that the lowest audit fee value is 17.766 and the maximum is 30.008.

The variables of Big 4, female auditors, and audit technology are all dummy variables. As shown in Table 4, the majority of public companies hire non-Big 4 audit firms, with only a small percentage of audits handled by female auditors. Finally, the mean value of 0.618 for audit technology indicates that more accounting firms in the sample utilize audit technology.

Table 4. Descriptive Statistics

| Variables | Mean | Standard Deviation | Min | Max |
|---|---|---|---|---|
| **Continuous Variables:** | | | | |
| Key Audit Matters | 1.342 | 0.691 | 0 | 7 |
| Audit Committee | 6.759 | 6.415 | 0 | 57 |
| Audit Fee | 20.250 | 1.379 | 17.766 | 30.008 |
| **Dummy Variables:** | | | | |
| Big 4 Auditors | 0.287 | 0.452 | 0 | 1 |
| Female Auditor | 0.212 | 0.409 | 0 | 1 |
| Audit Technology | 0.618 | 0.485 | 0 | 1 |

## Regression Analysis Results

The results of the test on model 1 for the entire sample and model 2 for the test per year were comparable, with the exception of the variables of audit technology and audit committee. As shown in Table 5, Big 4 auditors and female auditors do not show a positive relationship with the number of KAM issues disclosed, both in model 1 (for the entire sample) and model 2 (for 2022, 2023, and 2024). This leads to **the rejection of hypotheses 1 and 2**. In the meantime, audit fees and the audit committee show a positive and significant relationship with the number of KAM issues disclosed, particularly in model 1 for the entire sample. Consequently, **hypotheses 3 and 5 are supported**. However, the test results for model 2 exhibit inconsistencies.

p-ISSN:1411-6510
e-ISSN :2541-6111

Only in 2024 does the data indicate a positive relationship between the audit committee and the number of KAM disclosed, while the test results for 2022 and 2023 do not indicate any correlation. Finally, the test result for audit technology shows a negative and significant relationship for the entire sample (model 1) and for 2022 and 2023 (model 2), leading to **the rejection of hypothesis 4**.

**Table 5 Testing Results of Entire Samples and Samples by Year**

| Variables | Model 1 Entire Samples Coefficient (Standard Error) | Model 2 Samples per Year Coefficient (Standard Error) | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Big 4 Auditors | -0.142<br>(0.094) | -0.051<br>(0.195) | -0.202<br>(0.172) | -0.167<br>(0.150) |
| Female Auditor | 0.100<br>(0.079) | 0.051<br>(0.173) | 0.104<br>(0.140) | 0.129<br>(0.123) |
| Audit Fee | 0.091***<br>(0.017) | 0.116**<br>(0.036) | 0.093***<br>(0.026) | 0.070**<br>(0.024) |
| Audit Technology | -0.278**<br>(0.085) | -0.371**<br>(0.176) | -0.288**<br>(0.144) | -0.188<br>(0.124) |
| Audit Committee | 0.163**<br>(0.065) | 0.136<br>(0.129) | 0.106<br>(0.106) | 0.264**<br>(0.100) |

Notes : Robust standard errors are shown in parenthesis; ***p<0.01, **p<0.05, *p<0.1

In sum, this finding indicates that audit fee has a tendency to elevate the disclosure of KAM. It provides support to (Pinto & Morais, 2019), (Li et al., 2023), (Cameran & Campa, 2025), (Dhull et al., 2025), (Baatwah et al., 2024), and (Murphy et al., 2025). It also supports the argument that a high audit fee is associated with more comprehensive audit procedures, thereby increasing the probability of identifying more significant areas in the clients' financial statements. The audit committee was also proven to improve the disclosure of KAM. These findings suggest that sound governance plays a role in improving the disclosure of KAM. This finding confirms previous studies, such as (L.-J. He & Yu, 2022), which found a considerable impact of governance on the quality of KAM disclosure.

Meanwhile, employing Big 4 auditors as well as female auditors was found to be unrelated to the disclosure of KAM. This study does not provide support to the findings of studies that involve Thai companies as the sample (e.g., Wuttichindanon & Issarawornrawanich, 2020) however, it aligns with the findings in Western companies' samples (Gambetta et al., 2023; Velte, 2020). The small variation in the data can be the reason for these findings, only a small number of sample firms employed Big 4 auditors and female auditors.

The remaining finding indicate that audit technology is negatively related to the disclosure of KAM. This finding may be due to that the measurement of audit technology only determines whether or not audit technology is available in accounting firms, rather than whether it is utilized. Meanwhile, according to (Kokina et al., 2025), one of the problems of adopting technology is auditors' concern about over-reliance on it. This suggests that, while accounting firms have audit technology, auditors may not necessarily use it.

## CONCLUSION

The purpose of this study is to look into the relationship between determinant factors (i.e., Big 4 auditors, female auditors, audit fees, audit technology, and audit committees) and the disclosure of KAM. This study concludes that supporting factors, specifically audit fees and corporate governance, influence the disclosure of KAM in Indonesia. This conclusion suggests that auditors with more resources, in the context of this study is higher audit fees, can be more responsive to the demand for transparency, thus uncovering more KAM. Furthermore, it underscores the function of corporate governance in improving audit quality, as indicated by an extensive KAM disclosure. These conclusions imply the importance of determining an appropriate audit fee and improving the effectiveness of corporate governance mechanisms to promote audit transparency and quality.

This study is not free from limitations. The limitations of this study are primarily related to measurements for several variables that require further improvement. Among the weaknesses is that audit technology was measured using a dummy score that indicates the presence or absence of technology audits in accounting firms. Future studies should assess the utilization of audit technology, as its mere availability does not ensure its use. Finally, this study uses indirect measures to assess auditors' concerns about litigation risk and audit quality, namely Big 4 and non-Big 4 auditors. Future researchers should employ more direct measurements to provide more accurate results.

## REFERENCE


Abdallah, A. A. J., Musallam, J. Y. A., & Bader, A. (2020). The role of the audit committee in improving voluntary disclosure "field study on jordanian insurance companies". *Review of Applied Socio-Economic Research*, *19*(1), 5–16. https://www.scopus.com/inward/record. uri?eid=2-s2.0-85099240541&partnerID=40&md5=867e67751104a2edc9773a35cfd32f4d

Abdelfattah, T., Elmahgoub, M., & Elamer, A. A. (2021). Female Audit Partners and Extended Audit Reporting: UK Evidence. *Journal of Business Ethics*, *174*(1), 177–197. https://doi. org/10.1007/s10551-020-04607-0

ACCA. (2018). *Enhanced auditors' report: a review of rst-year implementation experience in Malaysia*.

Aljerd, R. B., & Abazeed, D. G. (2025). The impact of key audit matters on audit fees: evidence from Syria. *Journal of Financial Reporting and Accounting*. https://doi.org/10.1108/JFRA-10-2024-0754

Alma'aitah, R. T., Al-Hajaya, K., Sawan, N., & Alzeban, A. (2024). The impact of remote auditing on audit quality: the moderating role of technology readiness. *Managerial Auditing Journal*, *39*(6), 624–647. https://doi.org/10.1108/MAJ-02-2024-4210

Alotaibi, E. M., & Alnesafi, A. (2023). Assessing the impact of audit software on audit quality: Auditors' perceptions. *International Journal of Applied Economics, Finance and Accounting*, *17*(1), 97–108. https://doi.org/10.33094/ijaefa.v17i1.1068

Askiah, U. (2025). The future of auditing: Applying digital technology to enhance auditor independence. *Akbis: Media Riset Akuntansi Dan Bisnis*. https://doi.org/10.35308/akbis. v0i0.10455

Baatwah, S. R., Almoataz, E. S., Omer, W. K., & Aljaaidi, K. S. (2024). Does KAM disclosure make a difference in emerging markets? An investigation into audit fees and report lag. *International Journal of Emerging Markets*, *19*(3), 798–821. https://doi.org/10.1108/IJOEM-10-2021-1606

Bepari, M. K., & Mollik, A. T. (2023). Audit partners' gender and time variances of key audit matters. *Managerial Auditing Journal*, *38*(7), 1187–1214. https://doi.org/10.1108/MAJ-11-2022-3752

Bepari, M. K., Nahar, S., Azim, M. I., & Mollik, A. T. (2024). It is a balancing act: understanding the key audit matters disclosure in the context of a developing country. *Journal of Accounting and Organizational Change*, *20*(3), 459–485. https://doi.org/10.1108/JAOC-09-2022-0131

Boonlert-U-Thai, K., & Suttipun, M. (2023). Influence of external and internal auditors on key audit matters (KAMs) reporting in Thailand. *Cogent Business and Management*, *10*(3). https://doi.org/10.1080/23311975.2023.2256084

Cameran, M., & Campa, D. (2025). Key audit matters as insights into auditors' professional judgement: Evidence from the European Union. *Journal of Accounting and Public Policy*, *51*. https://doi. org/10.1016/j.jaccpubpol.2025.107311

Chtaoui, A., Hajji, Z., Benhrimida, M., Farrat, O., & Nabaoui, A. (2024). The influence of governance mechanisms on the quality of external audits, case of Moroccan companies listed on the stock exchange. *Revista de Gestao Social e Ambiental*, *18*(6). https://doi.org /10.24857/rgsa.v18n6-115

Dhull, S., Gonthier-Besacier, N., & Jérôme, T. (2025). Key audit matters disclosures from a legitimacy perspective: A European analysis. *British Accounting Review*. https://doi.org/ 10.1016/j.bar.2025.101700

Dinata, I., & Cheisviyanny, C. (2024). Pengaruh Overlapped Audit Committee terhadap Pengungkapan Key Audit Matters di Indonesia. Jurnal Eksplorasi Akuntansi, *6*(4), 1433–1448. https://doi.org/10.24036/jea.v6i4.1154

Dusadeedumkoeng, O., Gandía, J. L., & Huguet, D. (2023). Determinants of key audit matters in Thailand. *Journal of Competitiveness*, *15*(3), 184–206. https://doi.org/10.7441/joc.2023. 03.10

Eulerich, M., Masli, A., Pickerd, J., & Wood, D. A. (2023). The Impact of Audit Technology on Audit Task Outcomes: Evidence for Technology-Based Audit Techniques*. *Contemporary Accounting Research*, *40*(2), 981–1012. https://doi.org/10.1111/1911-3846.12847

Fattahaulia Qadrina, M., & Raharja, S. (2024). Analisis Faktor-Faktor yang Memengaruhi Pengungkapan Key Audit Matters di Indonesia. *Jurnal Ilmiah Wahana Akuntansi*, *19*(1), 67–83. https://doi.org/10.21009/wahana.19.015

Ferreira, C., & Morais, A. I. (2020). Analysis of the relationship between company characteristics and key audit matters disclosed. *Revista Contabilidade e Financas*, *31*(83), 262–274. https://doi.org/10.1590/1808-057x201909040

Fotoh, L. E., & Lorentzon, J. I. (2023). Audit Digitalization and Its Consequences on the Audit Expectation Gap: A Critical Perspective. *Accounting Horizons*, *37*(1), 43–69. https://doi.org/10.2308/HORIZONS-2021-027

Gambetta, N., Sierra-García, L., García-Benau, M. A., & Novejarque-Civera, J. (2023). The Informative Value of Key Audit Matters in the Audit Report: Understanding the Impact of the Audit Firm and KAM Type. *Australian Accounting Review*, *33*(2), 114–134. https://doi.org/10.1111/auar.12396

Garcia-Blandon, J., Argilés-Bosch, J. M., & Ravenda, D. (2019). Is there a gender effect on the quality of audit services? *Journal of Business Research*, *96*, 238–249. https://doi.org/10.1016/j.jbusres.2018.11.024

Gunno, P., & Penawuthikul, P. (2018). Factor affecting disclosure quality on key audit matters in auditor's report in Thailand. *Journal of MCU Nakhondhat*, *5*(3), 926–942.

He, L. J., & Rivai, F. A. (2024). The effect of gender diversity on the disclosure of key audit matters: examination of dual-signature environment. *Managerial Auditing Journal*, *39*(4), 396–418. https://doi.org/10.1108/MAJ-09-2022-3695

He, L.-J., & Yu, H.-H. (2022). The Impacts of the Establishment and Quality of Audit Committee on the Disclosure of Key Audit Matters. *Journal of Management and Business Research*, *39*(3), 301–356. https://doi.org/10.6504/JMBR.202209_39(3).0005

Hezam, Y. A. A., Anthonysamy, L., & Suppiah, S. D. K. (2023). Big Data Analytics and Auditing: A Review and Synthesis of Literature. *Emerging Science Journal*, *7*(2), 629–642. https://doi.org/10.28991/ESJ-2023-07-02-023

In, C.-Y., Kim, T., & Park, S. (2020). Key audit matters for production-to-order industry and conservatism. *International Journal of Financial Studies*, *8*(1). https://doi.org/10.3390/ ijfs8010005

Jérôme, T., Poretti, C., & Schatt, A. (2025). Female lead auditors, audit fees, and audit quality. *British Accounting Review*, *57*(3). https://doi.org/10.1016/j.bar.2024.101497

Kang, Y. J. (2019). Are audit committees more challenging given a spesific investor base? Does the answere change in the presence of prospective critical audit matter disclosure? *Accounting, Organization and Society*, *77*, 101051.

Kitiwong, W., Ekasingh, E., & Sarapaivanich, N. (2024). The new audit report with key audit matters: Lessons from Thailand's first implementation. *Accounting and Finance*, *64*(2), 1769–1803. https://doi.org/10.1111/acfi.13199

Kokina, J., Blanchette, S., Davenport, T. H., & Pachamanova, D. (2025). Challenges and opportunities for artificial intelligence in auditing: Evidence from the field. *International Journal of Accounting Information Systems*, *56*. https://doi.org/10.1016/j.accinf.2025.100734

Li, X., Gou, H., & Wang, M. (2023). Annual report inquiry letters, disclosure of key audit matters and audit fees: Evidence from Chinese A-share listed companies. *Oeconomia Copernicana*, *14*(4), 1303–1339. https://doi.org/10.24136/oc.2023.038

Maroun, W., De Ricquebourg, A. D., & Ecim, D. (2025). 'Standard KAMs', 'Canary KAMs', and 'Naughty KAMs': A Typology of Key Audit Matters to Explain Their Value Relevance. *Abacus*. https://doi.org/10.1111/abac.70000

Murphy, P., McLaughlin, C., & Elamer, A. A. (2025). Audit partner gender and the COVID-19 pandemic: the impact on audit fees and key audit matters. *Journal of Financial Reporting and Accounting*, *23*(3), 1302–1321. https://doi.org/10.1108/JFRA-11-2022-0431

Muttanachai, S. (2020). Factors influencing key audit matters reporting in Thailand. *Asian Journal of Accounting Perspectives*, *1*, 26.

Norazura, M., & Amanuddin, S. (2018). The implementation of ISA 701-key audit matters: a review. *Global Business and Management Research*, *10*(3), 1107–1115.

Ong, S. Y., Moroney, R., & Xiao, X. (2022). How do key audit matter characteristics combine to impact financial statement understandability? *Accounting and Finance*, *62*(1), 805–835. https://doi.org/10.1111/acfi.12811

Pinto, I., & Morais, A. I. (2019). What matters in disclosures of key audit matters: Evidence from Europe. *Journal of International Financial Management & Accounting*, *30*(2), 145–162. https://doi.org/https://doi.org/10.1111/jifm.12095

Puwanenthiren, P., & Sivarajah, R. (2022). Does Corporate Governance Matter for Audit Quality? Evidence from Sri Lanka. *Management and Accounting Review*, *21*(2), 191–210. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85145854173&partnerID=40&md5=4a5228950261f0dc2474835c74caad6d

Rahaman, M. M., Hossain, M. M., & Bhuiyan, M. B. U. (2023). Disclosure of key audit matters (KAMs) in financial reporting: evidence from an emerging economy. *Journal of Accounting in Emerging Economies*, *13*(3), 666–702. https://doi.org/10.1108/JAEE-11-2021-0355

Sarhan, A. A., Ntim, C. G., & Al-Najjar, B. (2019). Antecedents of audit quality in MENA countries: The effect of firm- and country-level governance quality. *Journal of International Accounting, Auditing and Taxation*, *35*, 85–107. https://doi.org/10.1016/j.intaccaudtax.2019. 05.003

Segal, M. (2019). Key audit matters: insight from audit experts. *Meditari Accountancy Research*, *27*(3), 472–494.

Shan, Y., & Wang, X. (2024). The effect of high-quality information technology on audit quality. *EDPACS*, *69*(12), 52–66. https://doi.org/10.1080/07366981.2024.2414588

Srisuwan, P., Swatdikun, T., Pathak, S., Surbakti, L. P., & Saramolee, A. (2024). Factors Influencing Key Audit Matter Reporting in the Stock Exchange of Thailand: Empirical Evidence from 2016–2020 Data. *Journal of Risk and Financial Management*, *17*(11). https://doi.org/10.3390/jrfm17110512

Sumartono, & Ardianto. (2025). The institutional ownership, auditor characteristics and KAM disclosure: Evidence from emerging markets. *International Journal of Innovative Research and Scientific Studies*, *8*(2), 3269–3278. https://doi.org/10.53894/ijirss.v8i2.5996

Sun, Y., Gao, Y., & Jin, J. (2024). Auditors' interpretation of risk and the quality of analysts' earnings forecasts: Evidence from textual analysis of key audit matters. *International Journal of Auditing*, *28*(1), 125–141. https://doi.org/10.1111/ijau.12323

Tangruenrat, C. (2017). New auditor's report: the 1st-year experiences. *Journal of Accounting Profession*, *13*(2), 5–21.

Van, H. N., Thanh, H. P., Thanh, C. N., Ngoc, D. N., & Hai, G. H. (2022). Study on factors affecting audit fees and audit quality through auditors' perceptions: Evidence from an emerging economy. *Problems and Perspectives in Management*, *20*(2), 471–485. https://doi.org/10.21511/ppm.20(2).2022.39

Velte, P. (2018). Does gender diversity in the audit committee influence key audit matters' readability in the audit report? UK evidence. *Corporate Social Responsibility and Environmental Management*, *25*(5), 748–755. https://doi.org/10.1002/csr.1491

Velte, P. (2020). Association between the financial and industri expertise of audit committee members and key audit matters within related audit reports. *Journal of Applied Accounting Research*, *21*(1), 185–200.

Velte, P., & Issa, J. (2019). The impact of key audit matter (KAM) disclosure in audit reports on stakeholders' reactions: a literature review. *Problems and Perspective in Management*, *17*(3), 323–341.

Venturini, L. D. B., Marques, V. A., & Gama, S. D. (2024). Relationship of key audit matters and audit delay with financial restatement; [Relação dos principais assuntos de auditoria e o audit delay com a reapresentação das demonstrações financeiras]. *Revista de Contabilidade e Organizacoes*, *18*. https://doi.org/10.11606/issn.1982-6486.rco.2024.227391

Vo, T. H., & Ngoc, H. T. (2024). Improving financial reporting standards in Vietnam's public companies: The crucial role of audit committees. *Investment Management and Financial Innovations*, *21*(4), 361–370. https://doi.org/10.21511/imfi.21(4).2024.29

Wuttichindanon, S., & Issarawornrawanich, P. (2020). Determining factors of key audit matter disclosure in Thailand. *Pacific Accounting Review*, *32*(4), 563–584. https://doi.org/ 10.1108/PAR-01-2020-0004

XRB. (2020). *Enhanced auditor reporting: a review of the third year of the revised auditor's report*.

Zhang, P. F., & Shailer, G. (2021). Changes in audit effort and changes in auditors' disclosures of risks of material misstatement. *British Accounting Review*, *53*(3). https://doi.org/10.1016/ j.bar.2020.100970