

The Effect of Audit Tenure, Leverage, and Audit Firm Size on the Integrity of Financial Statements

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Abstract

The integrity of financial statements is essential for ensuring that financial information accurately reflects a company's actual condition and can be relied upon by investors, creditors, and other stakeholders. This issue is particularly important in infrastructure companies, which generally involve substantial investments, long-term projects, and high financial risks. This study aims to examine the effects of audit tenure, leverage, and audit firm size on financial statement integrity in infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The population of this study consisted of all infrastructure sector companies listed on the IDX during the observation period. This study employed a quantitative approach using secondary data obtained from annual reports and financial statements of infrastructure companies. The sample was selected using purposive sampling, resulting in 11 companies with 55 firm-year observations. Data were analyzed using panel data regression with EViews 12. The results show that audit tenure, leverage, and audit firm size simultaneously have a significant effect on financial statement integrity, as indicated by an F-statistic of 3.566807 and a probability value of 0.020283. Partially, audit tenure has no significant effect on financial statement integrity ($p = 0.6848$), and leverage also has no significant effect ($p = 0.7231$). In contrast, audit firm size has a positive and significant effect on financial statement integrity ($p = 0.0078$). These findings indicate that the capacity, reputation, and audit quality associated with larger audit firms contribute more significantly to strengthening financial statement integrity than audit tenure and leverage. The study implies that infrastructure companies should prioritize auditor competence, independence, and audit quality mechanisms to improve the credibility and reliability of financial reporting.

Keywords: *Audit Firm Size, Audit Tenure, Financial Statement Integrity, Leverage*

Introduction

Financial statements are an important source of information for assessing a company's financial position, operating performance, and cash flows, as well as supporting economic decision-making by investors, creditors, and other stakeholders. Financial statements also represent management's accountability for the resources entrusted to them. Therefore, financial statements should provide relevant, reliable, and transparent information that accurately reflects the company's actual economic condition and complies with applicable financial reporting standards (Kieso et al., 2020; Asikin et al., 2022). The increasing complexity of business activities and the rapid development of information technology have intensified stakeholder demand for credible financial information. Financial statements serve as an important communication mechanism between companies and stakeholders; therefore, the information disclosed must demonstrate high credibility and faithfully represent the company's underlying economic conditions (Albahrn et al., 2025; Sakinah et al., 2025). Financial statement integrity reflects the extent to which financial information is presented honestly,

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objectively, and without intentional manipulation or misleading representation. High-integrity financial information should provide a faithful representation of economic transactions, reduce information asymmetry, and support stakeholders in making appropriate economic decisions. The quality of financial reporting is closely associated with the reliability of accounting information, audit effectiveness, and the implementation of adequate monitoring mechanisms within companies (Asikin et al., 2022; Rusmin, 2014). Reliable financial reporting is essential because investors, creditors, and other stakeholders rely on financial statements to evaluate company performance, assess risks, and determine investment and financing decisions (Jurnali et al., 2025; Albahrn et al., 2025).

Maintaining financial statement integrity remains a significant challenge because differences in interests between management and stakeholders may create incentives for opportunistic financial reporting practices. The separation between ownership and management can increase information asymmetry, which may encourage managers to present financial information that does not fully reflect the company's actual condition. Therefore, effective monitoring mechanisms, audit quality, and corporate governance structures are required to strengthen accountability and ensure the credibility of financial reporting (Asikin et al., 2022; Sakinah et al., 2025). The issue of financial statement integrity is particularly important in infrastructure companies. Infrastructure projects generally require substantial capital investment, involve long implementation periods, depend on complex contractual arrangements, and face considerable exposure to financing risks, cost variations, and operational uncertainties. These characteristics increase stakeholders' dependence on reliable financial information to evaluate corporate performance, financial sustainability, and long-term investment risks. Consequently, maintaining financial statement integrity is essential for strengthening stakeholder confidence in infrastructure companies (Almalita & Kusuma, 2026; Albahrn et al., 2025).

One factor that may influence financial statement integrity is audit tenure, which refers to the duration of the professional relationship between an auditor or public accounting firm and its client. Audit tenure may generate both positive and negative implications for financial reporting quality. A longer audit engagement enables auditors to gain deeper knowledge regarding company operations, internal control systems, business risks, and financial reporting processes. This familiarity may improve audit effectiveness and allow auditors to identify potential misstatements more effectively. However, excessively long audit tenure may also create familiarity threats that could weaken auditor independence and professional skepticism (Danuta et al., 2022; Auliyah et al., 2022). The relationship between audit tenure and financial statement integrity remains inconclusive. Some studies indicate that audit tenure contributes to financial reporting credibility because longer auditor engagement improves understanding of client characteristics and strengthens audit monitoring capabilities (Danuta et al., 2022; Yulianti et al., 2025). Conversely, other studies suggest that audit quality depends not only on the duration of the audit engagement but also on auditor independence, competence, and the implementation of audit procedures (Tanuwijaya & Dwijayanti, 2022). These differences indicate that the role of audit tenure in determining financial statement integrity remains unresolved and requires further investigation in different industrial contexts.

Another factor considered in this study is leverage, which represents the extent to which companies utilize debt financing to support their assets and operational activities. High leverage may increase financial pressure because companies must fulfill debt obligations, including interest payments and principal repayment. Such financial pressure may create incentives for management to present financial performance more favorably in order to

maintain stakeholder confidence and fulfill contractual requirements (Wardhani & Samrotun, 2020; Pangi & Weku, 2023). On the other hand, highly leveraged companies may experience stronger external monitoring from creditors and other stakeholders. Increased monitoring may encourage greater transparency and reduce the possibility of opportunistic financial reporting behavior. Therefore, leverage may have two opposing effects on financial statement integrity: increasing financial pressure while simultaneously strengthening external supervision mechanisms (Putri et al., 2024; Saraswati et al., 2025).

Empirical evidence regarding the relationship between leverage and financial statement integrity remains inconsistent. Several studies indicate that leverage influences financial reporting integrity because debt pressure may affect managerial incentives in preparing financial statements (Saraswati et al., 2025). However, other studies show that leverage does not significantly affect financial statement integrity because governance mechanisms and creditor monitoring may limit the potential for reporting manipulation (Wardhani & Samrotun, 2020; Pangi & Weku, 2023). These inconsistent findings suggest that the influence of leverage on financial statement integrity may depend on sector characteristics, corporate governance mechanisms, and external monitoring intensity. In addition to audit tenure and leverage, audit firm size is another factor that may influence financial statement integrity. Audit firm size reflects differences in organizational capacity, professional resources, audit experience, and reputation. Larger audit firms generally have stronger quality-control systems, broader expertise, and greater reputational incentives to maintain audit quality. These characteristics may improve auditors' ability to identify material misstatements and strengthen confidence in financial reporting (Pratika & Primasari, 2020; Sembiring et al., 2025).

Previous findings regarding audit firm size remain mixed. Some studies indicate that larger audit firms contribute positively to financial statement integrity due to stronger audit capability and monitoring effectiveness (Auliyah et al., 2022; Yulianti et al., 2025). In contrast, other evidence suggests that audit quality cannot be determined solely by audit firm size because auditor independence, professional competence, and audit implementation procedures also play important roles in ensuring reliable financial reporting (Tanuwijaya & Dwijayanti, 2022). Furthermore, financial statement integrity is closely related to the effectiveness of audit quality and corporate governance mechanisms in ensuring that financial information is prepared objectively and transparently. Audit quality provides assurance that financial statements have been examined through appropriate procedures and professional standards, while corporate governance mechanisms function as internal controls to reduce agency conflicts between management and stakeholders. Previous studies have shown that audit quality, audit committees, and governance structures play important roles in improving financial reporting credibility by strengthening monitoring effectiveness and reducing information asymmetry (Albitar et al., 2020; Sari & Wiyono, 2023). Therefore, the assessment of financial statement integrity should not only consider individual financial factors but also examine how external and internal monitoring mechanisms interact in maintaining reliable financial reporting.

In the Indonesian capital market context, infrastructure companies represent an important sector because their operations are closely associated with large-scale investment, long-term financing arrangements, and significant stakeholder involvement. The increasing demand for infrastructure development requires companies in this sector to provide transparent and accountable financial information to support investor confidence and sustainable financing decisions. Previous research indicates that financial reporting quality is influenced by the interaction between company characteristics, governance mechanisms, and audit-related

factors, demonstrating the importance of examining financial reporting issues within specific industrial contexts rather than relying only on cross-sector analysis (Hapsoro & Fadhilla, 2021; Nugroho & Yulianto, 2024). Therefore, investigating the determinants of financial statement integrity in infrastructure companies provides relevant empirical evidence for understanding how audit characteristics and financial conditions influence reporting credibility.

Based on previous studies, a research gap remains regarding the determinants of financial statement integrity. Although audit tenure, leverage, and audit firm size have been examined in previous research, empirical findings remain inconsistent and have not provided a conclusive explanation regarding how these factors influence financial statement integrity. Furthermore, previous studies have frequently focused on manufacturing, financial, or mixed-sector companies, while evidence from infrastructure companies remains limited despite the sector's unique characteristics, including high capital intensity, long project cycles, and substantial dependence on external financing. The novelty of this study lies in examining audit tenure, leverage, and audit firm size simultaneously as determinants of financial statement integrity in infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Unlike previous studies that primarily examine individual determinants or use broader industrial samples, this study focuses specifically on infrastructure companies to provide updated empirical evidence regarding how audit-related characteristics and financial pressure mechanisms influence financial statement integrity. This study aims to examine and analyze the effects of audit tenure, leverage, and audit firm size, both simultaneously and partially, on the integrity of financial statements of infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

Method

Sample Selection Procedure

The sample selection process was conducted to ensure that the companies included in this study fulfilled the predetermined research criteria. The population consisted of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was selected using a purposive sampling method based on the availability and completeness of financial information required for measuring the research variables. Companies were included when they were consistently listed in the infrastructure sector during the observation period, published complete annual reports and audited financial statements for five consecutive years from 2020 to 2024, and reported positive profits throughout the observation period. Based on these selection criteria, 11 companies were identified as eligible research samples. Each company provided five annual observations, resulting in a final dataset of 55 firm-year observations used in the panel data regression analysis.

This section presents the empirical results of the study examining the effects of audit tenure, leverage, and audit firm size on financial statement integrity among infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The analysis was conducted based on 55 firm-year observations obtained from 11 selected companies using purposive sampling criteria. The results are presented through several stages, including the sample selection procedure, diagnostic tests, panel data regression estimation using the Random Effect Model (REM), coefficient of determination analysis, simultaneous testing (F-test), and partial testing (t-test).

Research Design and Data Source

This study employed a quantitative associative research design to examine the effects of audit tenure, leverage, and audit firm size on financial statement integrity. The study utilized secondary data obtained from the annual reports and audited financial statements of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX). The observation period covered five consecutive financial reporting years, namely 2020–2024, which were selected to provide an updated assessment of the factors influencing financial statement integrity within the infrastructure sector. The data were obtained from publicly available reports published through the official IDX website and the official websites of the respective companies. The collected data were organized into panel data consisting of cross-sectional observations among companies and time-series observations across five reporting periods. The panel data approach was applied because it enables the analysis of differences among companies and changes over time in relation to financial statement integrity.

Population and Sample

The population of this study consisted of infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The sample selection was conducted using purposive sampling based on predetermined criteria that were relevant to the objectives of the study. Companies were selected when they met three criteria: infrastructure sector companies listed on the IDX throughout the observation period, companies that consistently published complete annual reports and audited financial statements for five consecutive years from 2020 to 2024, and companies that reported positive profits during the entire observation period. Based on these criteria, 11 companies were selected as research samples. With five annual observations for each company, the final dataset consisted of 55 firm-year observations, making the firm-year observation the unit of analysis. Data collection was conducted through documentation by identifying, collecting, and recording information related to each research variable from the annual reports and financial statements of the selected companies.

Research Variables and Measurement

This study examined one dependent variable and three independent variables. The dependent variable was financial statement integrity, which represents the extent to which financial information reflects the company's actual economic condition in a reliable, objective, and credible manner. The independent variables consisted of audit tenure, leverage, and audit firm size. Audit tenure refers to the duration of the professional engagement between a company and its public accounting firm. Leverage represents the extent to which a company relies on debt financing in supporting its assets and operational activities. Audit firm size refers to the classification of the public accounting firm responsible for conducting the audit, reflecting differences in organizational capacity, professional resources, and reputation. The conceptual model of this study illustrates that audit tenure, leverage, and audit firm size function as independent variables that may influence financial statement integrity as the dependent variable. The relationship between these variables is formulated as follows:

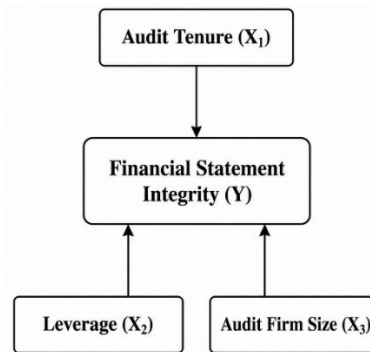


Figure 1. Research Conceptual Model of the Relationship between Audit Tenure, Leverage, Audit Firm Size, and Financial Statement Integrity

The research model indicates that changes in audit tenure, leverage, and audit firm size are expected to explain variations in financial statement integrity among infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

Research Procedures

The research procedures were conducted systematically through several stages. The first stage involved identifying the research problem and reviewing relevant literature related to financial statement integrity, audit tenure, leverage, and audit firm size. This stage was conducted to establish the theoretical framework and develop the research model. The second stage involved determining the research population and selecting samples based on purposive sampling criteria. Infrastructure sector companies listed on the IDX during the 2020–2024 period were examined to identify companies that fulfilled the required criteria, particularly regarding the availability of complete financial reports and consistent profitability.

The third stage involved collecting secondary data from annual reports and audited financial statements of the selected companies. Information related to financial statement integrity, audit tenure, leverage, and audit firm size was identified, recorded, and compiled into a panel dataset. The fourth stage involved processing and analyzing the collected data using panel data regression. The panel regression method was selected because the dataset contained observations from multiple companies across multiple years, allowing the study to evaluate both company-specific and time-based variations.

The final stage involved conducting statistical analysis and interpreting the results. Prior to hypothesis testing, diagnostic tests were performed, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to assess the reliability of the regression model. The panel regression estimation was conducted using the Random Effect Model (REM) processed with EViews 12. Hypothesis testing was performed at a 5% significance level. The F-test was used to examine the simultaneous effect of audit tenure, leverage, and audit firm size on financial statement integrity, while the t-test was used to evaluate the partial effect of each independent variable. The Adjusted R^2 value was used to determine the extent to which the independent variables explained variations in financial statement integrity.

Data Analysis

The data analysis was performed using panel data regression to examine the influence of audit tenure, leverage, and audit firm size on financial statement integrity of infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The regression model used in this study was formulated as follows:

$$FSI_{it} = \alpha + \beta_1 AT_{it} + \beta_2 LEV_{it} + \beta_3 AFS_{it} + e_{it}$$

where FSI represents financial statement integrity, AT represents audit tenure, LEV represents leverage, AFS represents audit firm size, α represents the constant coefficient, β represents the regression coefficient, and e represents the error term. The symbols i and t represent company and observation period, respectively. The Random Effect Model (REM) was selected as the estimation model after considering the characteristics of the panel data structure. The results of the regression analysis were subsequently used to determine whether audit tenure, leverage, and audit firm size significantly influenced financial statement integrity, both simultaneously and partially.

Results

This section presents the empirical results of the study examining the effects of audit tenure, leverage, and audit firm size on financial statement integrity among infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The analysis was conducted based on 55 firm-year observations obtained from 11 selected companies using purposive sampling criteria. The results are presented through several stages, including the sample selection procedure, diagnostic tests, panel data regression estimation using the Random Effect Model (REM), coefficient of determination analysis, simultaneous testing (F-test), and partial testing (t-test).

Sample Selection Procedure

The sample selection process was conducted to ensure that the companies included in this study fulfilled the predetermined research criteria. The population consisted of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was selected using a purposive sampling method based on the availability and completeness of financial information required for measuring the research variables. Companies were included when they were consistently listed in the infrastructure sector during the observation period, published complete annual reports and audited financial statements for five consecutive years from 2020 to 2024, and reported positive profits throughout the observation period. Based on these selection criteria, 11 companies were identified as eligible research samples. Each company provided five annual observations, resulting in a final dataset of 55 firm-year observations used in the panel data regression analysis.

Diagnostic Tests

Before interpreting the panel regression results, diagnostic tests were conducted to evaluate the statistical characteristics of the model, including normality, multicollinearity, heteroscedasticity, and autocorrelation.

Normality Test

The normality of the regression residuals was evaluated using the Jarque–Bera test. As presented in Figure 1, the Jarque–Bera probability value was 0.300856, which is greater than the 5% significance level. Therefore, the residuals did not significantly deviate from a normal distribution.

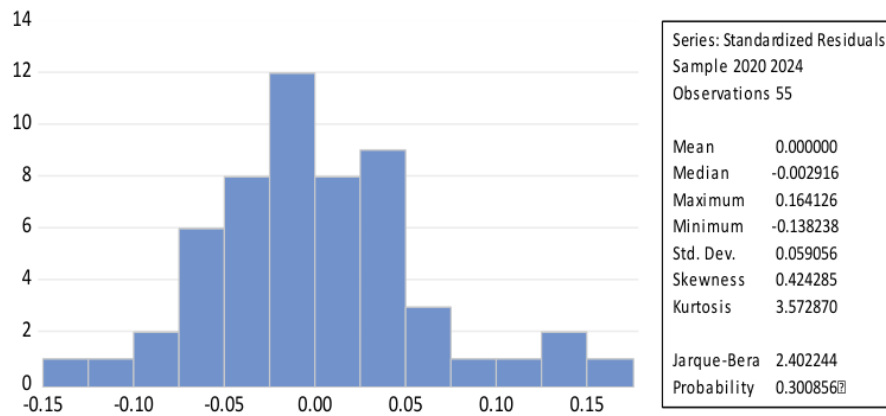


Figure 1. Normality Test

Multicollinearity Test

Multicollinearity was examined using the correlation matrix among the independent variables. The results are presented in Table 1.

Table 1. Multicollinearity Test

Variable	Audit Tenure (X1)	Leverage (X2)	Audit Firm Size (X3)
Audit Tenure (X1)	1.000000	-0.215870	-0.361430
Leverage (X2)	-0.215870	1.000000	0.276169
Audit Firm Size (X3)	-0.361430	0.276169	1.000000

The absolute correlation coefficients among the independent variables ranged from 0.215870 to 0.361430 and remained well below 0.90. These results indicate that there was no evidence of a serious multicollinearity problem among audit tenure, leverage, and audit firm size.

Heteroscedasticity Test

The heteroscedasticity test was conducted using the Breusch–Pagan–Godfrey test. The results are presented in Table 2.

Table 2. Heteroscedasticity Test

Statistic	Value	Probability
F-statistic	5.217334	0.0032
Obs*R-squared	12.91574	0.0048
Scaled explained SS	14.28638	0.0025

The probability of the Obs*R-squared statistic was 0.0048, which is below the significance level of 0.05. Thus, the test results indicate the presence of heteroscedasticity in the regression residuals.

Autocorrelation Test

The Durbin–Watson statistic reported for the regression model was 0.720729. The relevant model statistics are presented in Table 3.

Table 3. Regression Diagnostic Statistics

Indicator	Value
R-squared	0.173425
Adjusted R-squared	0.124803
S.E. of regression	0.060768
F-statistic	3.566807
Prob (F-statistic)	0.020283
Durbin-Watson statistic	0.720729

The Durbin–Watson statistic obtained from the regression model was 0.720729. This value is reported as part of the model diagnostics without drawing a definitive conclusion regarding serial correlation.

Panel Data Regression Analysis

The panel data regression results reported in this study were estimated using the Random Effect Model (REM). The estimation results are presented in Table 4.

Table 4. Random Effect Model (REM)

Variable	Coefficient	Std. Error	t-Statistic	Probability
Constant	0.005191	0.026869	0.193212	0.8476
Audit Tenure (X1)	-0.00803	0.019665	-0.4082	0.6848
Leverage (X2)	-0.01507	0.042312	-0.35626	0.7231
Audit Firm Size (X3)	0.057174	0.02064	2.770103	0.0078

The coefficient of audit tenure was -0.008030, indicating a negative relationship with financial statement integrity. However, its probability value of 0.6848 indicates that the relationship was not statistically significant. Leverage also had a negative coefficient of -0.015070, with a probability value of 0.7231. Thus, leverage did not have a statistically significant effect on financial statement integrity. In contrast, audit firm size had a positive coefficient of 0.057174 and a probability value of 0.0078. This result indicates that audit firm size had a positive and statistically significant effect on financial statement integrity at the 5% significance level.

Coefficient of Determination (Adjusted R²)

Table 5. Coefficient of Determination

Indicator	Value
R-squared	0.173425
Adjusted R-squared	0.124803
S.E. of regression	0.060768
F-statistic	3.566807
Prob (F-statistic)	0.020283

The Adjusted R² value of 0.124803 indicates that audit tenure, leverage, and audit firm size jointly explain approximately 12.48% of the variation in financial statement integrity. The remaining 87.52% of the variation is attributable to other factors not incorporated into the model. This finding indicates that additional variables may contribute to explaining differences in financial statement integrity.

Simultaneous Test (F-Test)

Table 6. F-Test Results

Indicator	Value
F-statistic	3.566807
Prob (F-statistic)	0.020283

Based on the F-test results, the F-statistic value is 3.566807 with a probability value of 0.020283, which is less than the significance level of 0.05. Therefore, it can be concluded that audit tenure, leverage, and audit firm size simultaneously have a significant effect on financial statement integrity.

Partial Test (t-Test)

Table 7. t-Test Results

Variable	Coefficient	Std. Error	t-Statistic	Probability
C	0.005191	0.026869	0.193212	0.8476
Audit Tenure (X1)	-0.00803	0.019665	-0.4082	0.6848
Leverage (X2)	-0.01507	0.042312	-0.35626	0.7231
Audit Firm Size (X3)	0.057174	0.02064	2.770103	0.0078

The partial effects of audit tenure, leverage, and audit firm size on financial statement integrity were examined using the t-test. The results indicate that audit tenure had a coefficient of -0.008030, with a t-statistic value of -0.408195 and a probability value of 0.6848, which is greater than the significance level of 0.05. Therefore, audit tenure was found to have no significant effect on financial statement integrity. Similarly, leverage produced a coefficient of -0.015070, a t-statistic value of -0.356262, and a probability value of 0.7231, exceeding the 0.05 significance level. These results indicate that leverage did not significantly influence financial statement integrity. In contrast, audit firm size showed a coefficient of 0.057174, a t-statistic value of 2.770103, and a probability value of 0.0078, which is below the 0.05 significance level. This finding indicates that audit firm size had a positive and significant effect on financial statement integrity, suggesting that companies audited by larger audit firms tended to demonstrate higher levels of financial statement integrity compared with companies audited by smaller audit firms.

Discussion

The Simultaneous Effect of Audit Tenure, Leverage, and Audit Firm Size on Financial Statement Integrity

The simultaneous test results indicate that audit tenure, leverage, and audit firm size jointly have a significant effect on financial statement integrity. This finding is supported by the F-statistic value of 3.566807 with a probability value of 0.020283, which is below the 5% significance level. Therefore, the combination of audit-related characteristics and corporate financial conditions contributes to explaining variations in financial statement integrity among infrastructure sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The significant simultaneous effect indicates that financial statement integrity is influenced by a combination of external monitoring mechanisms and internal financial conditions rather than by a single determinant. Audit mechanisms, including audit tenure and audit firm characteristics, represent external assurance factors that may strengthen the credibility of financial reporting. Meanwhile, leverage represents corporate financial conditions that may influence managerial incentives and reporting behavior. Previous studies have shown that audit quality, audit mechanisms, and governance practices contribute to improving financial reporting credibility and reducing information asymmetry between management and stakeholders (Asikin et al., 2022; Albahrn et al., 2025; Sakinah et al., 2025).

From an agency theory perspective, financial statement integrity is closely associated with monitoring mechanisms that reduce conflicts of interest between managers and stakeholders. Effective auditing, corporate governance practices, and transparent financial reporting can improve accountability and strengthen stakeholder confidence. In this context, financial reporting quality is not only influenced by audit-related factors but also by broader accountability and transparency practices within organizations (Ripansa & Blongkod, 2026; Jufry, 2023). However, the Adjusted R² value of 0.124803 indicates that the explanatory power

of the model remains relatively limited. The independent variables included in this study explain approximately 12.48% of the variation in financial statement integrity, while the remaining 87.52% is influenced by other factors outside the research model. These factors may include corporate governance mechanisms, ownership structure, financial distress, internal control systems, and company-specific characteristics. Previous research also indicates that financial reporting credibility is a multidimensional concept influenced by various organizational and financial factors (Putri et al., 2024; Sembiring et al., 2025).

The simultaneous result suggests that maintaining financial statement integrity requires integration between audit effectiveness, financial management practices, and transparent reporting systems. Corporate financial conditions, including leverage and financial performance, represent important considerations because stakeholders evaluate companies based on both financial information reliability and overall corporate condition (Sari et al., 2026; Randanan & Furqan, 2025).

The Effect of Audit Tenure on Financial Statement Integrity

The partial test results indicate that audit tenure does not have a significant effect on financial statement integrity. The audit tenure coefficient was -0.008030, with a t-statistic value of -0.408195 and a probability value of 0.6848, which is greater than the 5% significance level. Therefore, the length of the auditor–client relationship was not statistically associated with changes in financial statement integrity among infrastructure companies during the observation period. This finding indicates that audit tenure alone cannot determine the integrity level of financial statements. A longer audit engagement may provide auditors with deeper knowledge of company operations, internal controls, and financial reporting processes. However, prolonged auditor relationships may also create familiarity risks that could potentially affect independence and professional skepticism (Danuta et al., 2022; Auliyah et al., 2022).

The insignificant effect suggests that auditor independence, audit competence, and audit quality control mechanisms may have a stronger role than audit duration itself. Professional standards require auditors to maintain objectivity and independence regardless of the length of engagement. Therefore, long audit tenure does not automatically improve or reduce financial statement integrity (Tanuwijaya & Dwijayanti, 2022). This result is consistent with previous studies indicating that audit tenure does not always influence financial statement integrity because audit outcomes depend on broader audit quality mechanisms and auditor professionalism (Danuta et al., 2022; Yulianti et al., 2025). Differences with previous findings may occur because of variations in industry characteristics, regulatory environments, sample composition, and observation periods.

The Effect of Leverage on Financial Statement Integrity

The partial test results show that leverage does not have a significant effect on financial statement integrity. The leverage coefficient was -0.015070, with a t-statistic value of -0.356262 and a probability value of 0.7231, which exceeds the 5% significance level. Therefore, differences in leverage levels among infrastructure companies were not sufficient to explain variations in financial statement integrity. Although leverage has a negative coefficient, the result does not indicate that higher debt levels necessarily reduce financial statement integrity. Companies with high leverage may experience greater financial pressure due to debt obligations, which may create incentives for earnings manipulation. However, leverage may also increase external monitoring from creditors, investors, and other stakeholders, thereby limiting opportunistic reporting behavior (Wardhani & Samrotun, 2020;

Sari et al., 2026). The insignificant relationship indicates that financial pressure arising from debt alone is insufficient to explain variations in financial reporting integrity. Other mechanisms, including governance effectiveness, audit quality, and transparency practices, may influence management behavior in preparing financial statements (Putri et al., 2024; Sakinah et al., 2025). This finding is consistent with research showing that leverage does not always influence financial statement integrity because the relationship depends on company characteristics, monitoring mechanisms, and financial conditions (Pangi & Weku, 2023). Infrastructure companies generally have high capital requirements and long-term financing structures, meaning leverage may represent a normal operational characteristic rather than an indicator of reporting problems.

The Effect of Audit Firm Size on Financial Statement Integrity

The partial test results indicate that audit firm size has a positive and significant effect on financial statement integrity. Audit firm size obtained a coefficient value of 0.057174, a t-statistic value of 2.770103, and a probability value of 0.0078, which is below the 5% significance level. Therefore, companies audited by larger public accounting firms tend to demonstrate higher levels of financial statement integrity. This finding indicates that larger audit firms provide stronger assurance regarding financial reporting reliability. Large public accounting firms generally possess greater audit resources, experienced auditors, standardized audit methodologies, and stronger reputational incentives to maintain audit quality. These characteristics improve auditors' ability to identify material misstatements and strengthen stakeholder confidence in financial reports (Sembiring et al., 2025; Auliyah et al., 2022).

The result is consistent with previous studies showing that audit firm size contributes positively to reporting credibility because larger audit firms generally have stronger professional capacity and quality control systems (Pratika & Primasari, 2020; Albahrin et al., 2025). Nevertheless, audit firm size should not be considered the only determinant of financial statement integrity. Audit competence, auditor independence, internal control effectiveness, and transparency practices also influence reporting quality. Organizational accountability and stakeholder trust remain important elements in ensuring credible financial information disclosure (Jufry, 2023; Ripansa & Blongkod, 2026).

Conclusion

This study examined the effects of audit tenure, leverage, and audit firm size on financial statement integrity in infrastructure sector companies listed on the Indonesia Stock Exchange during 2020–2024. Based on 55 firm-year observations from 11 companies, the results indicate that audit tenure, leverage, and audit firm size jointly have a significant effect on financial statement integrity, as reflected by an F-statistic of 3.566807 and a probability value of 0.020283. However, the Adjusted R² value of 0.124803 indicates that the three variables explain only 12.48% of the variation in financial statement integrity. Partially, audit tenure does not have a significant effect ($\beta = -0.008030$; $p = 0.6848$), and leverage also shows no significant effect ($\beta = -0.015070$; $p = 0.7231$). In contrast, audit firm size has a positive and significant effect on financial statement integrity ($\beta = 0.057174$; $p = 0.0078$). These findings indicate that, among the variables examined, audit firm size was the only variable that showed a statistically significant partial effect on financial statement integrity, highlighting the importance of external audit quality in supporting credible financial reporting.

The findings have practical implications for companies in strengthening the quality of external monitoring by considering the competence, professional capacity, independence, and quality-control mechanisms of public accounting firms. Nevertheless, this study is limited to 11 infrastructure companies, a five-year observation period, and three explanatory variables, while a substantial proportion of variation in financial statement integrity remains unexplained by the model. Future research should therefore examine a broader sample and observation period and incorporate additional determinants, such as corporate governance mechanisms, ownership structure, financial distress, audit quality, audit fees, and auditor characteristics, to provide a more comprehensive explanation of financial statement integrity.

Acknowledgment

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