

Analysis of Differences in Key Audit Matters (KAM) Disclosure Based on Auditor and Audit Committee Characteristics

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Abstract

This study analyzes differences in KAM disclosure based on auditor and audit committee characteristics in Indonesia. Previous studies have predominantly focused on the determinants of KAM disclosure and the initial years of KAM implementation, with limited attention to differences in KAM disclosure across auditor and audit committee characteristics. The novelty of this study lies in the inclusion of auditor specialization as an independent variable and the examination of KAM disclosure over a longer implementation period. The variables include auditor type, auditor specialization, audit committee size, financial expertise, meeting frequency, and the independent audit committee. Using a quantitative approach with secondary data from financial sector companies listed on the Indonesia Stock Exchange from 2022–2024, this study analyzes 299 observations. A non-parametric method, namely the Mann–Whitney test, is used to assess differences in KAM disclosure. The results show significant differences based on auditor specialization, audit committee size, and financial expertise, but no significant differences based on auditor type, meeting frequency, or the independent audit committee.

Keywords: Key Audit Matters, Auditor Characteristics, Audit Committee, Mann-Whitney.

INTRODUCTION

An auditor's report is one of the external verification mechanisms that provide a reasonable assurance about the precision and dependability of a business entity's financial information. However, over the past few decades, audit reports have been viewed as failing to provide credible and relevant information to users (Akther & Xu, 2020). Many users have criticized traditional audit reports as difficult to understand because they present only neutral information without highlighting positive or negative aspects (Minutti-Meza, 2021). This creates an "audit expectation gap" between report users and auditors. The audit expectation gap refers to the condition where there is a discrepancy between users' expectations concerning the role and work outcomes of

auditors and what actually do and provide (Deepal & Jayamaha, 2022). Consequently, changes in report format are essential to promote greater public trust in the audit profession while also making audit information more valuable for decision-making (Duan & Huang, 2025).

Responding to this issue, the International Auditing and Assurance Standards Board (IAASB) issued a new standard regarding the report. In 2015, International Standard on Auditing (ISA) No. 701, “Communicating Key Audit Matters in the Independent Auditor’s Report,” was implemented to address changes to existing standards and provide more specific information to entities in the audit report (Rahaman et al., 2023). Key Audit Matters (KAM) are defined as matters that, in the auditor’s professional judgment, are the most significant in the audit of the current period. The disclosure of KAM aims to provide more transparent information regarding matters requiring significant auditor attention, such as areas involving management and those with a high risk of misstatement. This also serves to reduce the audit expectation gap, which has long been a recurring issue in the audit profession (IAPI, 2023).

KAM disclosure is expected to improving the transparency and informational value of audit reports. However, since its implementation in 2022, it has been noted that KAM disclosure in Indonesia varies and differs, both in terms of the quantity and types of issues disclose. Different companies within the same sector may disclose varying types and numbers of KAM in their audit reports (IAPI, 2023). These variations in the disclosure of KAM have implications for users, as differences in the level of detail can affect the extent to which material audit matters provide added value in understanding audit risks and the condition of the audited entity. Although standards and regulators require auditors to disclose KAM, the form and content of such disclosures are not clearly and specifically regulated (Xu et al., 2023). Some auditors present KAM in a detailed and specific, while others remain limited to general and repetitive statements across various reports.

Differences in the disclosure of KAM highlight the need for further testing regarding the extent of variation and the factors causing such differences. Previous studies have shown that the characteristics of auditors and audit committees play a

significant role in determining KAM. The considerations used in determining the KAM are based on the auditor's professional judgment during the engagement process. As an independent party, the auditor plays a key role during the audit process, it may result in variations in the quantity and quality of the information produced. Several studies note that auditors report various issues in the KAM paragraph, with significant differences among companies (Rahaman et al., 2023). Individual auditors may have differing perspectives on a given issue, so the results of KAM disclosures are not always consistent across auditors or across entities. This indicates that various auditor characteristics, such as auditor type and specialization, can lead to differences in KAM disclosures (Boonlert-U-Thai & Suttipun, 2023; He, 2021)

Differences in the disclosure of KAM are also attributed to the characteristics of the audit committee, including its size, financial expertise, meeting frequency, and the role of the independent audit committee within the governance framework (Boonlert-U-Thai & Suttipun, 2023; Mah'd & Mardini, 2022; Srisuwan et al., 2024). The audit committee is in charge of choosing and managing the external auditors' audit procedure, including issues pertaining to financial statement preparation, so that the audit committee may cause differences in the disclosure of the KAM (Srisuwan et al., 2024). The audit committee is tasked with overseeing the company's financial statements and the external audit, even though it does not carry out the audit procedure directly.

Previous research on the disclosure of KAM still has limitations, primarily because most studies in Indonesia have focused on the early stages of its implementation. This situation indicates a research gap regarding studies on variations in KAM based on the characteristics of auditors and audit committees over a longer period, especially in the context of Indonesia, which has distinct regulations. This study examines several variables reflecting auditor characteristics and audit committee characteristics, including auditor type, auditor specialization, audit committee size, the audit committee's financial expertise, the frequency of meetings, and the independent audit committee.

This study grounded in stakeholder theory as the primary framework to explain the importance of disclosing KAM in meeting the information needs of stakeholders. From a stakeholder theory perspective, a company is not only accountable to shareholders but also to various other parties, such as creditors, regulators, and the

general public, who have an interest in the entity. The disclosure of KAM in audit reports serves as an effort to enhance transparency by providing information regarding audit areas that pose significant risks or require professional judgment from auditors. Through this disclosure, stakeholders can gain a greater comprehension of the risks and financial situation of the company.

This study is intended to analyse differences in the disclosure of material audit findings based on the characteristics of auditors and audit committees in financial sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2022–2024. The novelty of this study lies in the inclusion of auditor specialization as an independent variable within auditor characteristics. Despite its importance in auditing, auditor specialization remains relatively underexplored in the context of KAM disclosure, particularly in Indonesia. Most studies related to KAM focus on the influence of factors affecting KAM (Srisuwan et al. 2024; Boonlert-U-Thai & Suttipun, 2023; Hussin et al., 2022). In contrast, this study adopts an approach that examines differences in KAM disclosure across groups based on the characteristics of the variables under study, providing empirical evidence on whether significant differences exist among the compared groups during the 2022–2024 period, which offers insights beyond the initial years of KAM implementation that have been the primary focus of prior studies. Theoretically, this research contributes to the advancement of auditing literature concerning KAM disclosure in Indonesia and serves as a reference for future research. Practically, this study is useful as an evaluation tool for auditors, as well as for policymakers in Indonesia, to provide a foundation for assessing and refining the implementation of the relatively new KAM disclosure standards to make them more effective, consistent, and appropriate for Indonesian conditions.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

THEORETICAL REVIEW

The theory used in this study is stakeholder theory. Conceptually, stakeholder theory posits that a company's responsibilities are not limited to shareholders but also extend to all parties are impacted by the company's activities. Stakeholders are defined

as parties that can impact or are impacted by the achievement of organizational objectives (Freeman, 1984). This perspective broadens the definition of stakeholders beyond mere shareholders. It includes other groups such as management, employees, creditors, consumers, suppliers, the government, the surrounding community, and the broader social environment.

Each stakeholder has distinct interests, ranging from financial and operational to social. Therefore, companies must balance these diverse interests by providing transparent and relevant information to each stakeholder. Applying this theory helps us understand the impact of KAM disclosures on various stakeholders (Velte & Issa, 2019). Disclosing KAM in audit reports also provides additional relevant information to stakeholders, thereby increasing the level of confidence that management has acted in accordance with their interests

From a stakeholder theory perspective, external auditors and audit committees are essential in ensuring that stakeholders information needs are met by providing transparent and reliable financial statements. Auditors are responsible for identifying significant areas with material risks and disclosing them in the form of KAM, thereby helping users of reports to gain deeper insight to the audit procedures and work performed by external auditors during the audit process (Al Qahtani et al., 2025). Meanwhile, the audit committee serves to oversee the audit process, ensure auditor independence, encourage the dissemination of impartial information that is unaffected by management. Differences in auditor characteristics, such as auditor type and industry specialization, as well as audit committee characteristics, such as size, expertise, meeting frequency, and independence, can influence the effectiveness of these roles in meeting stakeholders' information needs. Consequently, these variations in characteristics ultimately result in differing levels of KAM disclosure across companies as a response to stakeholders' expectations and interests.

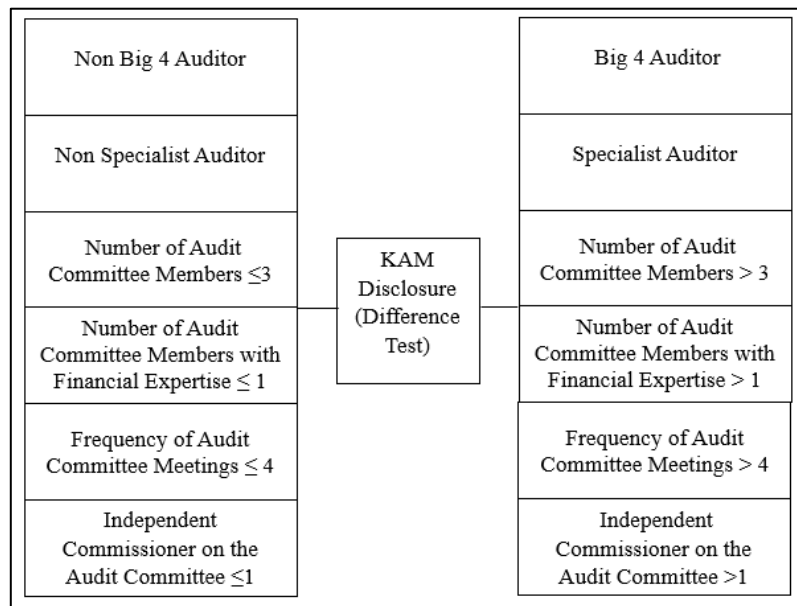


Figure 1. Conceptual Framework
Source: Author 2026

Differences in the Disclosure of Key Audit Matters (KAM) Based on Auditor Type

Regarding the theory of stakeholders, external auditors are viewed as parties that play a role in defending the interests of various stakeholders through an independent and objective audit process. Previous research has categorized auditors into two types: Big 4 and Non-Big 4 auditors (Boonlert-U-Thai & Suttipun, 2023; Ferreira & Moraes, 2020; Hussin et al., 2022). Differences in auditor types reflect variations in the quality of audits produced, which are influenced by the resources, competencies, and capabilities possessed by each auditor. Big 4 auditors have the ability to deliver high-quality audit results, underpinned by strong financial backing, access to cutting-edge technology, and a workforce of experts in their fields (Joudeh & Aqel, 2024). According to Srisuwan et al. (2024), if 4 auditors are better at identifying the most critical issues and can disclose material misstatements in a simple and easily understandable manner. Non-Big 4 auditors also strive to build user confidence by delivering high-quality audits. They also seek to enhance audit transparency, including by providing information related to corporate risks and incorporating material misstatements into their audit opinions. Research by Hussin et al. (2023), Mah'd & Mardini (2022) indicates that the type of auditor influences differences in the disclosure of material audit findings.

Consequently, variations in resources, reputation, and professional standards among different types of auditors lead to differences in the disclosure of material audit findings.

H1: There are differences in the disclosure of Key Audit Matters (KAM) based on the type of auditor.

Differences in the Disclosure of Key Audit Matters (KAM) Based on Auditor Specialization

An auditor's specialization reflects their level of expertise and experience in handling companies operating in a specific industry. Selecting a specialized auditor is intended to ensure a higher quality of audit, so that all stakeholders can obtain reliable information. Every company has different levels of complexity and risk, so specialist and non-specialist auditors may have different understandings of the industry. These differences have the potential to influence risk assessments and professional judgment, which ultimately lead to differences in the disclosure of KAM. Research by He (2021) found that non-specialist auditors disclosed fewer KAM than specialist auditors, in contrast, Bepari et al., (2022) find that specialist auditors actually disclose fewer KAM than non-specialist auditors. Differences in the level of industry understanding may lead to differences in the number and characteristics of KAMs disclosed.

H2: There are differences in the disclosure of Key Audit Matters (KAM) based on the auditor's industry specialization.

Differences in the Disclosure of Key Audit Matters (KAM) Based on Audit Committee Size

Stakeholders want audit results that reflect the company's actual condition. Therefore, effective internal oversight within the company is necessary. The audit committee has two key responsibilities regarding corporate governance, including reviewing financial statements to ensure their fair presentation and preparing an audit committee report that includes the results of its evaluation and recommendations regarding the financial reporting process and the external audit (Abdelfattah et al., 2021). The size of the audit committee, as indicated by the number of its members, reflects its oversight capacity and the effectiveness of the control functions it performs. Differences in audit committee size may indicate variations in the committee's capacity to carry out its oversight duties by providing greater transparency of information.

Research by Boonlert-U-Thai & Suttipun (2023) and Rahaman & Karim (2023) found that a larger audit committee size can lead to higher numbers of KAM disclosure. A larger number of audit committee reflects a diversity of perspectives and expertise, thereby encouraging more transparent and informative KAM disclosures. Conversely, a small number of audit committee can reduce the intensity of communication and the depth of discussion, potentially lowering the quantity and quality of disclosed KAM. Research by Rifai & Siregar (2021) and Velte & Issa (2019) indicates that audit committee size makes a difference in KAM disclosure.

H3: There are differences in the disclosure of Key Audit Matters (KAM) based on the size of the audit committee.

Differences in the Disclosure of Key Audit Matters (KAM) Based on the Audit Committee's Financial Expertise

The implementation of stipulates that every publicly listed company must include individuals with relevant accounting or financial experience in its audit committee structure to guarantee that members possess adequate qualifications in financial matters. This is intended to optimize the audit committee's oversight functions, thereby enabling it to provide accountable information to stakeholders. Each company has a different audit committee composition, so the level of financial expertise possessed also varies. Research by Bepari (2022) and Rifai & Siregar (2021) proved that audit committees with financial expertise encourage more extensive disclosure of information. Mah'd & Mardini (2022) also provided evidence that the more audit committee with financial expertise a company has, the more likely it is to disclose more KAM. Audit committees with financial expertise tend to be capable to collaborate more effectively with auditors in discussing financial statements. Consequently, differences in the composition of financial expertise within a company's audit committee will result in variations in the disclosure of KAM.

H4: There are differences in the disclosure of Key Audit Matters (KAM) based on the audit committee's financial expertise.

Differences in the Disclosure of Key Audit Matters (KAM) Based on the Frequency

of Audit Committee Meetings

Audit committee is not only required to possess adequate competence but also to demonstrate consistency in performing its oversight duties through meetings held at least four times a year, in accordance POJK No. 55/POJK.04/2015. Each company holds meetings at different frequencies based on its needs. More frequent and effective audit committee meetings are expected to improve the relevance of information provided to stakeholders. Research by Velte & Issa (2019) and Rifai & Siregar (2021) proved that higher meeting frequency increases the disclosure of material audit findings. Consistent with these findings, research by (Boonlert-U-Thai & Suttipun, 2023) also proved the positive influence of the number of audit committee meetings on KAM disclosure, as meeting frequency is influenced by the extent of risks and uncertainties that must be discussed collectively. Thus, differences in the frequency of meetings held by audit committees will result in differences in KAM disclosure among companies.

H5: There are differences in the disclosure of Key Audit Matters (KAM) based on the frequency of audit committee meetings.

Differences in the Disclosure of Key Audit Matters (KAM) Based on the Independent Audit Committee

To guarantee independence and impartiality in the oversight process, POJK No. 55/POJK.04/2015 states that the audit committee must be chaired by an independent commissioner or requires each such committee to have at least one independent commissioner. Each company has a different governance structure, including in terms of the number of independent commissioners. The presence of independent members allows the audit committee to assess the auditors' findings objectively and ensure that the disclosed audit opinions are relevant and free from management influence, thereby instilling greater confidence among stakeholders. The more independent commissioners there are, the stronger the push for transparency, whereas a limited number can weaken oversight and determine the disclosure. Research from Wuttichindanon & Issarawornrawanich (2020) and Velte (2020) provided evidence that companies with a greater number of independent audit committee likely to reveal more KAM. Conversely, a study by Abu & Jaffar (2020) found that entities with low independence likely to disclose more KAM.

H6: There are differences in the disclosure of Key Audit Matters (KAM)

depending on the Independent Audit Committee.

RESEARCH METHOD

This study employs secondary data sourced from companies' annual reports, collected via the official website of the IDX and corporate websites. The study population includes all financial sector companies listed on the IDX during the 2022–2024, totaling 101 companies each year. Table 1 shows that 4 companies did not disclose their KAM in their audit reports; thus, the final sample size was 299 companies over the three-year observation period, selected based on purposive sampling category.

Table 1
Research Sample Criteria

No	Criteria	2022	2023	2024
1	Financial sector companies listed on the Indonesia Stock Exchange	101	101	101
2	Companies that do not disclose Key Audit Matters (KAM)	(1)	(1)	(2)
3	Number of companies in the sample for each year	100	100	99
Total number of companies in the study sample (2022–2024)		299		

Source: Secondary Data Analysis (2026)

This study employs a quantitative approach using the Mann-Whitney nonparametric test to analyze differences in the level of disclosure of KAM based on auditor and audit committee characteristics, as the data are non-normal. The study consists of seven variables, with the measurement scales for each variable displayed in Table 2.

Table 2
Research Variables and Measurement

Variable	Measurement
Key Audit Matters (KAM)	Number of issues disclosed (Boonlert-U-Thai & Suttipun, 2023)
Type of Auditor (TYPE)	Dummy Variable; 0 = non-big 4 Auditor, 1 = Big 4 auditor (Boonlert-U-Thai & Suttipun, 2023)
Industry Specialization (SPEC)	$\text{Market Share} = \frac{\text{Number of Audit Clients in the Industry}}{\text{Total Number of Companies in the Industry}}$

Variable	Measurement
	Classified as specialist if market share >15%; otherwise non-specialist. Variabel Dummy; 0 = Non-Specialist Auditor, 1 = Specialist Auditor (Amalia Bahdi & Ermian Challen, 2024)
Audit Committee Size (SIZE)	Number of audit committee members (Boonlert-U-Thai & Suttipun, 2023).
Financial Expertise of Audit Committee (EXPERT)	Number of audit committee members with financial expertise (Mah'd & Mardini, 2022).
Audit Committee's Meeting (MEET)	Number of audit committee meetings held over the course of a year (Boonlert-U-Thai & Suttipun, 2023).
Independent Audit Committee (INDEP)	The number of independent commissioners in the audit committee (Srisuwan et al., 2024).

Source: Various Sources (2026)

RESULTS AND DISCUSSION

Referring to Table 3, the results of the descriptive statistical show that all research variables have a sample size (N) of 299. All variables have low mean values.

Table 3
Descriptive Statistics

Variable	N	Min	Max	Mode	Mean	Std.Dev
KAM	299	1	3	1	1.334	0.575
ACSIZE	299	3	9	3	3.435	0.885
EXPERT	299	0	5	2	2.003	0.841
MEET	299	1	43	4	9.946	7.505
INDEP	299	1	5	1	1.421	0.817

Source: Secondary Data Analysis (2026)

Table 4 shows that 58.86% of the research sample was audited by non-Big 4 public accounting firms, with 80.94% audited by non-specialists. The number of audit committees was 73.24% in compliance with regulations, with a mode of 3 (Table 3). 73.58% of audit committees had more than one member with financial expertise, with a mode of 2 (Table 3). The number of meetings was 66.22%, with a mode of 4 (Table 3). The number of independent commissioners is 73.24% with a mode of 1 (Table 3).

Table 4
Descriptive Statistics for Dummy Variables

Variable	Category	Total	Frequency
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TYPE	0	Non-Big 4 Auditor	176	58.86%
	1	Auditor Big 4	123	41.14%
SPEC	0	Non-Specialist Auditor	242	80.94%
	1	Specialist Auditor	57	19.06%
SIZE	0	Number of Audit Committee Members ≤ 3	219	73.24%
	1	Number of Audit Committee Members > 3	80	26.76%
EXPERT	0	Number of Audit Committee Members with Financial Expertise ≤ 1	79	26.42%
	1	Number of Audit Committee Members with Financial Expertise > 1	220	73.58%
MEET	0	Frequency of Meetings ≤ 4	101	33.78%
	1	Frequency of Meetings > 4	198	66.22%
INDEP	0	Number of Independent Commissioners ≤ 1	219	73.24%
	1	Number of Independent Commissioners > 1	80	26.76%

Source: Secondary Data Analysis (2026)

According to Table 5, all subsectors have a minimum KAM value of 1 and a mode of 1, indicating that most companies disclose only one KAM. The maximum value generally reaches 3, except for Financing Services, which is only 2. In terms of the average, the Holding & Investment subsector has the highest value (1.52), followed by Insurance (1.48) and Banks (1.33), while Financing Services has the lowest (1.05).

Table 5
Descriptive Statistics for KAM by Subsector

Subsector	N	Minimum	Maximum	Mode	Mean
Banks	141	1	3	1	1.33
Financing Services	41	1	2	1	1.05
Holding & Investment	42	1	3	1	1.52
Insurance	54	1	3	1	1.48
Investment Service	21	1	3	1	1.19

Source: Secondary Data Analysis (2026)

Table 6
Types of KAM Disclosed

KAM Type	Frequency	Description
Accounts Receivables	56.89%	Related to Expected Credit Loss (ECL), credit loss provisions, impairment, recognition, and valuation of financing receivables.
Insurance	17.79%	Regarding the measurement of liabilities, valuation, existence, and loss provisions
Investment	14.04%	Regarding the measurement of financial instruments, valuation and existence, impairment, and management of securities.
IT-Related Issues	8.02%	Regarding the operation of Information Technology (IT) systems for financial reporting and internal controls over information systems.
Revenue Recognition	2.01%	Regarding the measurement and methods of revenue recognition.
Other	1.25%	Related to the assessment of going concern.

Source: Secondary Data Analysis (2026)

Based on Table 6, the type of KAM most frequently disclosed by companies in the financial sector relates to accounts receivables. This type of KAM generally covers several topics, such as expected credit loss (ECL), provisions for credit losses, impairment, and the recognition and measurement of receivables. This finding is one of the implications of the implementation of PSAK71/IFRS 9, which has been effective in Indonesia since January 2020. The standard requires companies to estimate potential losses on financial assets using a forward-looking approach. ECL calculations are highly complex because they involve various assumptions, so ECL issues are often identified as KAM.

Table 7
Results of the Kolmogorov-Smirnov Normality Test

Variable	Probabilities (Sig.)
TYPE	0.000
SPEC	0.000
AC SIZE	0.000
EXPERT	0.000
MEET	0.000
INDEP	0.000

Source: Secondary Data Analysis (2026)

As shown by the results of the Kolmogorov–Smirnov test in Table 7, the p-values

for all variables were less than 0.05, indicating that the data did not meet the assumption of normality. Therefore, a hypothesis testing using the Mann-Whitney test was conducted for all study variables.

Results of Hypothesis Testing

Table 8
Mann-Whitney Test Result

	Variable	N	Mean rank	Test Statistic	
TYPE	Non Big 4 Auditor	176	151.39	Z	-0.423
	Auditor Big 4	123	148.01	Asymp. Sig.	0.672
	Total	299		(2-tailed)	
SPEC	Non Specialist Auditor	242	159.31	Z	-4.886
	Specialist Auditor	57	110.48	Asymp. Sig.	0.000***
	Total	299		(2-tailed)	
AC SIZE	Number of Audit Committee Members ≤ 3	219	145.45	Z	-1.916
	Number of Audit Committee Members > 3	80	162.44	Asymp. Sig.	0.055*
	Total	299		(2-tailed)	
EXP	Number of Audit Committee Members with Financial Expertise ≤ 1	79	131.09	Z	-2.887
	Number of Audit Committee Members with Financial Expertise > 1	220	156.79	Asymp. Sig.	0.004**
	Total	299		(2-tailed)	
MEET	Frequency of Meetings ≤ 4	101	154.76	Z	-0.866
	Frequency of Meetings > 4	198	147.57	Asymp. Sig.	0.387
	Total	299		(2-tailed)	
INDEP	Independent Commissioner on the Audit Committee ≤ 1	219	149.33	Z	-0.282
	Independent Commissioner on the Audit Committee > 1	80	151.83	Asymp. Sig.	0.778
	Total	299		(2-tailed)	

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels

Source: Secondary Data Analysis (2026)

Differences in the Disclosure of Key Audit Matters (KAM) Based on Auditor Type

The results of the first hypothesis test in Table 8 indicate that there is no difference in KAM disclosure based on auditor type ($p = 0.672 > 0.05$), so H1 is rejected. This suggests that both Big 4 and non-Big 4 auditors have relatively similar levels of KAM disclosure. The absence of such a difference may be attributed to the uniform application of audit standards, which require external auditors to conduct audits and prepare audit reports in accordance with applicable audit standards. Although there are differences in experience and approach among auditors, the exercise of professional judgment occurs within the same framework and standards. The findings fail to provide support for stakeholder theory, which posits that differences in auditor characteristics should be reflected in variations in information disclosure aimed at meeting the needs of each stakeholder. This finding supports research from Hussin et al. (2022) and Boonlert-U-Thai & Suttipun (2023) that there is no difference in KAM disclosure based on auditor type. However, this finding contradicts the findings from Ozcan (2023) and Ferreira & Morais (2020) which indicates differences in the disclosure of KAM.

Differences in the Disclosure of Key Audit Matters (KAM) Based on Auditor Specialization

The results of the second hypothesis test in Table 8 indicate that there is a difference in KAM disclosure based on auditor specialization ($p = 0.000 < 0.05$), thus H2 is accepted. Based on Table 8, the mean rank results show that non-specialist auditors have higher values compared to specialist auditors, indicating a higher average KAM disclosure among non-specialist auditors. When viewed from the number of non-specialist auditors in this study, their numbers are greater, and these non-specialists may also come from large public accounting firms (Table 4), which influences their ability to identify, evaluate, and communicate audit risks. This finding supports stakeholder theory, which emphasizes the importance of providing adequate information to stakeholders. The large number of audit issues disclosed as KAMs reflects the non-specialist auditors' prudence and risk-averse nature, as well as their efforts to enhance transparency toward stakeholders. This finding supports research from Bepari et al. (2022) which shows that non-specialist auditors identify more KAM than specialist auditors. However, this finding contradicts a study from He (2021) which found that specialist auditors identify more KAM than non-specialist auditors.

Differences in Key Audit Matters (KAM) Disclosure Based on Audit Committee Size

The results of the third hypothesis test in Table 8 indicate that there is a difference in KAM disclosure based on audit committee size at the 10% significance level ($p = 0.055 < 0.10$), thus H3 is accepted. Based on Table 8, the mean rank of companies with more than 3 audit committee members is higher than those with 3 or fewer, indicating that the average KAM disclosure is higher in companies with a larger number of audit committee. Differences in KAM disclosure based on the audit committee size are influenced by variations in oversight capacity. In line with stakeholder theory, audit committees with a larger number reflect a more diverse representation of stakeholder interests. Additionally, larger audit committees allow for more intensive interaction with external auditors as well as stronger oversight of company activities (Rahaman & Karim, 2023). The diversity of expertise and perspectives also fosters more comprehensive discussions and risk assessments. This study provides supporting evidence for Boonlert-U-Thai & Suttipun (2023), Rahaman & Karim (2023), and Ferizqi & Reskino (2024) which demonstrate that audit committee size leads to difference in KAM, with larger audit committees tending to disclose more KAM. However, these findings contradict the research by Mah'd & Mardini (2022), which demonstrates that the audit committee size has no significant difference on KAM.

Differences in Key Audit Matters (KAM) Disclosure Based on the Audit Committee's Financial Expertise

The results of the fourth hypothesis test in Table 8 indicate that there is a difference in KAM disclosure based on the audit committee's financial expertise ($p = 0.004 < 0.05$), thus H4 is accepted. Based on Table 8, the mean rank of companies with more than one audit committee member possessing financial expertise is higher, with a mode of two members (Table 3), indicating that the average KAM disclosure is higher in companies with a greater number of members possessing financial expertise. Differences in KAM disclosure based on the audit committee's financial expertise may arise due to variations in the capacity and effectiveness of oversight over audit process and financial report. Audit committee with a financial background possess more

adequate knowledge regarding financial statements, accounting standards, and the associated risk implications (Azizah & Mayangsari, 2024). These capabilities encourage audit committees to understand and evaluate financial statements more critically, including in identifying high-risk areas. The result corroborates stakeholder theory because financial expertise within the audit committee enhances the company's ability to meet stakeholders' information needs and reduces information asymmetry through broader disclosure of material non-public information (El Mahdy et al., 2024). The results support the findings from Mah'd & Mardini (2022) and Velte (2020) provide evidence that differences in KAM disclosures are associated with financial expertise, where higher levels of financial expertise tend to result in more extensive KAM disclosures. Conversely, Boonlert-U-Thai and Suttipun (2023) and Zhang and Shailer (2022) find that audit committee members with financial expertise likely to disclose fewer KAM.

Differences in Key Audit Matters (KAM) Disclosure Based on Audit Committee Meeting Frequency

The results of the fifth hypothesis testing in Table 8 indicate that there is no difference in KAM disclosure based on the meeting frequency ($p = 0.387 > 0.05$), thus H5 is rejected. The absence of such differences may be attributed to the fact that a higher number of meetings does not necessarily reflect the effectiveness of the oversight function performed. As shown in Table 3, the mode of meeting frequency is four, which represents the minimum number required under POJK No. 55/POJK.04/2015. In other words, companies tend to conduct meetings merely to comply with regulatory requirements. Moreover, companies in the financial sector operate under stringent regulatory supervision and relatively standardized governance practices, which may reduce variations in audit committee activities and limit their impact on KAM disclosure. These findings do not support stakeholder theory, as the frequency of meetings does not indicate any variation in KAM disclosure. Although meetings serve as a governance mechanism to address stakeholders' interests, the frequency of such meetings does not fully capture the extent to which audit-related issues are discussed and resolved (Abu & Jaffar, 2020). This result corroborates the findings of Abu & Jaffar (2020) and Mah'd & Mardini (2022) who report that audit committee meeting frequency does not lead to differences in KAM disclosure. However, it contradicts the

studies of Boonlert-U-Thai & Suttipun (2023) and Syah Elfajri & Laksito (2025) which find that audit committee meeting frequency significantly makes a difference in KAM disclosure.

Differences in Key Audit Matters (KAM) Disclosure Based on Independent Audit Committee

The findings of the sixth hypothesis testing in Table 8 indicate that there is no difference in KAM disclosure based on audit committee independence ($p = 0.778 > 0.05$), thus H6 is rejected. This finding does not support stakeholder theory, as the presence of independent commissioners is expected to enable audit-related issues to be addressed more objectively, thereby reducing the number of areas that auditors need to disclose as KAM. However, the proportion of independent commissioners, in quantitative terms, does not necessarily reflect the effectiveness of oversight. In this study, as shown in Tables 3 and 4, the number of independent audit committee members is only one (73.24%), suggesting that their presence may merely fulfil regulatory requirements, namely POJK No. 55/POJK.04/2015. In addition, the limited variation in the composition of independent audit committee members across companies may reduce the likelihood of observing meaningful differences in KAM disclosure. This finding corroborates the studies of Abu & Jaffar (2020), Boonlert-U-Thai & Suttipun (2023) and Joudeh & Aqel (2024) which show that independent audit committee does not influence KAM disclosure. However, it contradicts the findings of Srisuwan et al. (2024) and Wuttichindanon & Issarawornrawanich (2020) which provide evidence of a significant effect of independent audit committee on KAM disclosure.

CONCLUSIONS AND SUGGESTIONS

Conclusions

This study analyses differences in the disclosure of KAM among financial sector companies listed on the IDX using the Mann–Whitney test. The results indicate that non-specialist auditors report a higher average number of KAM compared to specialist auditors. Larger audit committees are associated with a higher average number of KAM disclosures compared to smaller audit committees. Audit committees with a greater

proportion of financial expertise also exhibit a higher average number of KAM disclosures compared to those with fewer financial experts. Meanwhile, no significant differences are found in KAM disclosure based on auditor type (Big 4 vs. non-Big 4), meeting frequency, or independent audit committee. Overall, these findings support stakeholder theory, while also suggesting that not all corporate governance mechanisms directly contribute to KAM disclosure.

Limitations and Suggestions

This study is subject to limitations related to the measurement of KAM, which is determined only by the number of issues disclosed and therefore may not fully capture the quality, depth, and substance of the information presented. Accordingly, future research is recommended to consider alternative proxies for measuring KAM disclosure, such as the quality or level of informational depth provided.

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