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**Analysis of the Relationship Between Corporate Social
Responsibility and Good Corporate Governance on Fee Audit
and Firm Value**

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ABSTRACT

Purpose : This study aims to determine whether Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) affect audit costs and firm value, and to analyze the mediation relationship between audit costs and firm value.

Design/methodology/approach : Data collection through this case is on companies in Indonesia that are listed on the Corporate Governance Perception Index (CGPI) between 2016 and 2018 with 33 firmyears observations.

Findings: The results of the path analysis show that CSR has no effect on audit costs, CSR programs carried out and disclosed by the company are not included in the client's business audit by the auditor. The size of the CSR disclosure cannot affect the audit fee. Even though GCG has a positive effect on audit fees, companies with high CGPI scores can pay more audit fees because they have higher financial standards, so they choose the Big four KAP that are more integrated and have quality. Meanwhile, CSR and audit fees do not affect firm value. However, GCG has a significant negative effect on firm value. The analysis of the effect of mediation shows that audit fees cannot mediate between CSR and GCG on firm value.

Research limitations/implications: Overall, the audit fee cannot reflect the company's risk which is taken into consideration in making investment decisions. This happens because in investment decisions, investors look more at short-term profits such as daily stock prices and profitability.

Practical implications : This research can provide important implications for management and regulators, namely as an alternative in making investment decisions that can increase firm value.

Paper type: This research is a development research that tries to analyze the indirect effect, so that researchers have a little difficulty determining the theories used to link the interplay of components that influence each other, so researchers must make an opinion to strengthen this research.

Keywords: Corporate Social Responsibility, Good Corporate Governance, Audit Fees, Firm Value.

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I. INTRODUCTION

In the era of globalization, disclosure of Corporate Social Responsibility (CSR) is a form of transparency of information provided by companies to the market to provide a good signal that companies implementing CSR are good news, have bright prospects and recognized as trusted companies. Based on stakeholder theory, the CSR program encourages management to always pay attention to the interests of stakeholders including the community and government in it, because companies view CSR as an ethical obligation Carroll (1979); Phillips et al. (2003) so that it can have an impact on the company's reputation. CSR is one of the business management strategies of companies in measuring economic growth and ethical values (Lee, 2018). CSRD is part of accountability in the CG context because CSRD can potentially have a potential impact on the well-being of shareholders (Zahari et al., 2020).

Recently, CSR has been in the spotlight when employees, customers, investors, shareholders, regulators, and the community demand more transparency from the company, the implementation of CSR activities which are expected to increase attention to the social environment, employee welfare, and the surrounding communities where the company operates. This is a question mark for us CSR observers whether CSR has been running optimally or not. Many business people are indifferent to environmental sustainability, they act only for their interests to seek maximum profit, CSR disclosure is only used as a business mask regardless of natural damage and how many victims have been harmed as a result of these business activities, in addition to environmental responsibility. CSR also leads to business sustainability such as employee welfare that must be improved, but researchers see that many workers have demonstrated demanding labor rights due to business exploitation. Therefore, to overcome this, the government and other business actors need to evaluate a series of CSR activities so that there is no conflict of interest and no party is harmed so that the CSR program can run optimally.

There is a phenomenon related to CSR as a mask for companies that are not responsible for the environment, and whether the use of CSR funds has been properly realized or not. So, there is a need for monitoring and evaluation to measure the quality and accuracy of sustainability reporting. As a tool to accumulate corporate transparency, auditors can act as a bridge between managers, investors, and regulators. The audit has a responsibility to protect the interests of investors and is responsible for gathering evidence to obtain reasonable certainty regarding the reliability of financial reports whether the financial statements are free from misstatement or fraud (Anna & Vasiliki, 2017). The role of the audit in assuring the company's sustainability. The auditor's duties are increased when the audit procedures are more complex to ensure the company's sustainability. The auditor's engagement to carry out more specific examinations will affect the size of the audit costs. Audit costs are defined as company risks and future changes in company performance (Stanley, 2011).

Good Corporate Governance (GCG) is an important factor as a company internal control system that can reduce agency costs and information asymmetry problems. Supervision and monitoring can reduce agency costs that arise from agency conflicts between the principal and agent to prevent the possibility of managers committing fraud and opportunistic actions (Jensen & Meckling, 1976). The main objectives of corporate governance are to improve company performance, maximize firm value, lower the cost of capital and ensure the survival of the company. To achieve common goals can be done by creating good relationships between management, shareholders, the board of directors, the executive board, and independent auditors. The disclosure of accurate and accountable information to the public also reduces the risk of bankruptcy (Kim & Kim, 2013).

In developed countries, CSR and GCG are considered as important reference items in the audit plan, including audit fees, audit scope, audit time, and audit schedule, because CSR and GCG reflect internal control and bankruptcy risk assessment. In theory, GCG agency can minimize the presence of information asymmetry, because GCG is an effort in internal company control, and CSR is an implementation of corporate governance, so it can be said that if GCG and CSR are good, the monitoring and supervision costs will be lower. In Cheng et al. (2014) research, the CSR strategy leads to better access to company finances, namely that good CSR disclosure will reduce agency costs and reduce information asymmetry because increased stakeholder involvement shows strong transparency. This means that high CSR and GCG disclosures hurt harm on audit costs. This is supported by Asare et al. (2005) who explain that more experienced auditors are assigned to clients with low Wu (2012) integrity. They prove that companies with weak governance will increase the higher audit risk, thus the auditor will increase the audit costs by carrying out more careful examinations.

According to Chow (1982) in Wang & Chui (2015) study, agency costs can be interpreted as audit fees, companies with higher agency problems will have more audit costs. Audit costs reflect the auditors' efforts in supervising to ensure that the client's financial statements are free from material misstatement. Agency costs are costs incurred by shareholders in monitoring management to prevent fraud by management. Research Jo & Harjoto (2011) explains that CSR activities can reduce agency costs for potential conflicts between management and stakeholders, which in turn can increase firm value. Conflicts of interest between management and various parties including stakeholders give rise to agency costs.

The results of different empirical analyzes found that companies with CSR and GCG disclosure have a good competitive advantage, so they pay higher audit fees because their financial standards are higher so that they can carry out a comprehensive audit (Kim & Kim, 2013). This is supported by research by Hassan et al. (2014) explaining that GCG has a positive effect on audit costs, and Anna & Vasiliki (2017) found that CSR has a positive effect on audit costs because, in addition to providing financial assurance, auditors also provide sustainability assurance. so that the integrated companies carry out more thorough checks. This opinion is supported by Bortolon et al. (2013) that the practice of GCG affects audit costs because it requires a more complex analysis, so that GCG reduces auditor risk, reduces service costs, but non-audit services cause loss of auditor independence.

The level of audit fees will affect the decisions of shareholders and investors in investing. Before making an investment decision, investors will consider relevant information, including business risks and the number of funds paid by the company for auditing and consulting services by independent auditors. There is a relationship between audit fees and company performance (Hay, 2013; Stanley, 2011). An audit can describe the client's economic condition. The risk-based approach of planning audit procedures and pricing means that if the company has a lot of risks it is usually assigned more labor. In essence, if the audit is high, the company value will be low, because the risk of the company is getting higher. This is supported by research by Moutinho et al. (2012) which explains that the level of audit fees effects on company performance, when viewed from company risk, audit costs have a significant effect on company performance. Different findings by Martinez & Moraes (2014) explain that high audit fees will increase firm value. Meanwhile, non-audit costs such as insurance services have a significant effect on firm value because insurance services can reduce auditor independence.

This study aimed was to explore the relationship between CSR, GCG, audit costs, and firm value. We would like to further examine and identify how the important role of corporate governance regarding the implications of CSR and GCG is a determining factor for audit costs, as well as how investors interpret audit fees as a trigger for business risk or as an effort to transparency more complex fundamental information to support shareholders in decision making investation.

Researchers are motivated to carry out this research because the rules regarding CSR audits have not been implemented in Indonesia, so the researchers hope that the results of this study can provide information to the public so that in Indonesia, CSR audits are implemented in both the accounting and social realms to monitor environmental responsibility performance so that CSR implementation can contribute directly and right on target to improve economic, social and community welfare, as well as improve environmental sustainability.

Agency theory is a concept that can explain the contractual relationship between principals and agents, where the principal is the owner of the company or the party who gives responsibility to the agent, namely management to carry out company activities on behalf of the principals (Eisenhardt, 1989; Jensen & Meckling, 1976; Jensen & Smith, Jr., 1984; Perrow, 1986; Ruback & Jensen, 1983). The contract that is awarded will be optimal if the contract has fairness or fairness for each of the rights and obligations of the principals and agents which mathematically shows the optimal implementation of responsibility by the agent and the satisfactory compensation provided by the principals to the agent. The essence of Agency Theory or agency theory is the design of an appropriate contract so that the relationship between principals and agents is created in a conflict of (Scott, 2015).

Jensen & Meckling (1976) stated that agency cost is the cost incurred by the principal to supervise and monitor the agent's performance. Due to differences in interests that occur, it is impossible for a company if it does not have agency costs to guarantee managers to be responsible and make optimal decisions by following under shareholder goals. There is a potential that managers in managing the company are more concerned with their interests, causing the company to incur costs to prevent managers from abusing authority for personal gain. These costs are incurred by the company to reduce agency problems that exist in the company, one of which is the monitoring costs (monitoring cost by the principle) issued to monitor agent behavior, related to budget efficiency, compensation policies, internal and external audit costs and operating regulations.

Stakeholder's theory begins with stakeholders whose aim is to try to build a responsive framework for managers to create a strategic framework by creating new opportunities during change management in the business environment. Freeman & McVea (2001); Jahid et al. (2020) In principle, stakeholder theory, namely, first the company has a relationship that can influence and influence the interested parties. both of these theories emphasize the nature of the good relationship between the company and its stakeholders. The three interests of the stakeholders have the same value, no interests dominate each other. And the fourth is decision-making of managerial ownership structure. Based on the assumption of this stakeholder theory, companies cannot be free from environmental and social responsibility (Lobo & Kurnia, 2016).

Based on the agency theory, good CSR disclosure will reduce agency costs and reduce information asymmetry because increased stakeholder involvement shows strong transparency. Meanwhile, the ethical theory states that companies view CSR as an ethical obligation (Carroll, 1979; Phillips et al., 2003). In this case, management as an agent carries out a moral responsibility to shareholders to do the right thing, behave ethically, honestly, and can be trusted because this behavior has an impact on the reputation of the company Jones 1995 in (Anna & Vasiliki, 2017). An optimal CSR increase can minimize the auditor's assessment of the risk of material misstatement, which in turn reduces the need for greater auditor efforts, which is why if CSR is high, the audit costs will decrease (LópezPuertas-Lamy et al., 2017). Companies with optimal CSR performance are committed to issuing higher or lower audit fees by applicable legal regulations in each country (Anna & Vasiliki, 2017). Chen et al. (2016) explain that the company's CSR disclosure information seems to lack credibility compared to financial statements. So companies that carry out social responsibility are expected to be more transparent in their financial reporting. Besides providing an audit opinion, auditors are also required to assure the company's

sustainability. The logic is that to create better and more transparent CSR disclosure will require more audit fees because auditors carry out more complex examinations (Kim & Kim, 2013).

Agency theory explains that the difference in interests between principal and agent can be harmonized with the existence of good corporate governance which functions to oversee the operations of the company. Jensen & Meckling (1979) explain that good governance can minimize agency costs. The Corporate Governance Perception Index (CGPI) is a result of research conducted by The Indonesian Institute for Corporate Governance (IICG) in collaboration with SWA magazine to measure the level of GCG implemented in companies in the form of a Corporate Governance Index sorted by ranking. which explains that more experienced auditors are assigned to clients with low integrity, it can also be said that if good corporate governance, the audit costs will be lower, because it can be ascertained that the company will have minimal business risk. They prove that companies with weak governance will increase the higher audit risk, thus the auditor will increase the audit costs by carrying out more careful examinations. Meanwhile, a more complex analysis shows that high GCG can reduce auditor risk, reduce service costs, but non-audit services cause a loss of auditor independence.

(Kim & Kim, 2013) suggest that superior companies in Korea pay higher audit fees because the audit contract costs are determined without the auditor's investigation on the internal information system, then the company pays higher audit fees because it has higher financial standards so that it requires auditors to conduct a more thorough examination. The influence of globalization also requires companies to carry out good and more transparent governance so that the costs incurred by the company also increase. In Pakistan, the complexity of examinations with high audit fees can improve the quality of auditor independence (Hassan et al., 2014).

International literature has confirmed that there is a relationship between the total costs paid to independent auditors for both audit and non-audit services and company performance (Stanley, 2011). If the audit costs are high when the high risk caused by the size of the client is measured, the result is that it reduces the Firm Value (Tobin'Q), on the other hand, high consulting services have a positive effect on Firm Value (Tobin'Q), assuming consulting fees are the company's aggregate value (Braunbeck, 2010).

Various foreign scientific articles have discussed audit fee fixing. The costs incurred by firms for audit services reflect the length of time spent in the audit process, with larger company sizes having a lot of data to examine (Moutinho et al., 2012). Funds spent on audit fees are compensated for higher company value, shareholders feel a lower risk when management decides on the complexity of the scope of audit services even with higher audit fees (Martinez & Moraes, 2014).

Waddock & Graves (1997) suggest that CSR activities have a significant effect on firm performance and value. More competitive show broader CSR disclosure. The company's strategy in creating a good image in the eyes of the public is to improve the economic and social welfare of the community, which is ethical management behavior with concern for the environment, this can provide a positive response through an increase in the company's stock price. Lobo & Kurnia (2016) has a different assumption, namely testing the effect of CSR on firm value with profitability as moderation, the results show that CSR does no effect on firm value because in investing investors do not see social responsibility carried out by companies, but only see the market economy and viral news which arises because most of them do daily stock trading. Investors are more likely to buy shares in companies with high profitability than company image.

Stakeholder theory becomes the basis for implementing GCG. When the principles of GCG are properly implemented in the company, it shows that management responsibility has been carried out well, so that it can provide a good signal to shareholders. GCG practice can reduce opportunistic risks and information asymmetry between management and shareholders (Jensen & Meckling, 1979).

Therefore, this study examines the effect of CSR and GCG on firm value through audit fees. Investigation is based on the following hypothesis:

- H1 : CSR has a significant effect on Audit Costs
- H2 : GCG has a significant effect on audit costs
- H3 : Audit costs have a significant effect on Firm Value
- H4 : CSR has a significant effect on Firm Value
- H5 : GCG has a significant effect on Firm Value
- H6 : CSR has a significant effect on Firm Value through audit fees
- H7 : GCG has a significant effect on Firm Value through audit fees

II. METHODOLOGY

This study uses a quantitative approach, the data used is secondary data in the form of numbers with statistical analysis to explain the phenomenon of the population which aims to test the proposed hypothesis and

test the relationship between the variables studied. The population in this study used companies registered in the Corporate Governance Perception Index (CGPI) for the period 2016 - 2018. The sample was taken using purposive sampling, based on the observation criteria of 33 companies (firm-years).

To keep the company finances stable, companies can use external financing to improve business development and company performance. External financing can be obtained from the sale of shares and bonds or loans from third parties. Therefore the company must be able to provide a good signal to the public so that investors are more interested in investing. To provide public trust can be realized through the implementation of social responsibility and disclosure. Directly or indirectly, CSR disclosure will provide positive information for investors and shareholders. Liu et al. (2017) we can see CSR information disclosure in company sustainability reports, for measuring CSR using the Corporate Social Responsibility Index (CSRDI) with the following formula:

$$CSRDI = \frac{\sum xi}{n}$$

CSRDI = Corporate Social Responsibility Disclosure Index

$\sum xi$ = Number of items disclosed (1: if the item is disclosed; 0: if item is not disclosed)

n = The total number of items that should be disclosed according to GRI

(G4 = 79 indicators and GRI Standard 136 indicators)

The measurement of GCG in this study was carried out by providing a ranking scale based on a reliable level which is explained by the CGPI (Corporate Governance Perception Index) score, giving the scale in this study described in table 1.

Table 1. CGPI rating scale category

Score	Level
55-69,99	Trustworthy Enough
70-84,99	Trusted
85-100	Very Trustworthy

Source: 2018 CGPI Report

The high CGPI score of the company indicates that the implementation of corporate governance is getting better. The index used in the CGPI assessment is in the form of scores ranging from 0 to 100. If the company's score reaches 100, the company's GCG implementation is getting better. With a high GCG score, it can provide a good signal to investors and shareholders.

The costs incurred by the company reflect the time spent on audit services. According to researchers, to increase the credibility of CSR disclosure and GCG reporting, companies are willing to spend more for audits, this is also useful for minimizing company risk. When all is done, it will affect the complexity of the audit services provided by the independent auditors as well as the audit fees. show that CSR and CGI have a significant positive effect on audit fees in the Korean market. Audit fee data can be obtained from the professional fees account contained in the annual reports of companies registered with CGPI from 2016 to 2018. Audit costs can be measured using the natural logarithm of professional fees (Wang & Chui, 2015).

$$Fee\ audit = \logaritma\ natural\ professional\ fee$$

The higher the audit fee, the more detailed the audits conducted by the auditors, the stronger the auditor's independence. In other words, companies that spend relatively higher costs on supervision tend to be better seen by the market, and the higher the value of the company (Martinez & Moraes, 2014).

Firm value is measured using the Tobin's Q ratio with the reason that this ratio calculation involves all the financial elements of the company, from debt, stock capital, equity, and company assets owned so that the Tobin's Q ratio has the best information to reflect firm value. The Tobin's Q ratio was first introduced by James Tobin, a US economist in 1969. The measurement of firm value uses Tobin's Q as a ratio that identifies market estimates of the returns resulting from investment in a company. The Tobin's Q ratio can be measured by a formula that has been adjusted to the conditions of financial transactions in Indonesia. Klapper & Love (2002) explain that the umus for calculating Tobin's Q are:

$$Tobin's\ Q = (MVE + DEBT)/TA$$

$$\begin{aligned} \text{MVE} &= \text{The closing share price at the end of the year} \times \text{the number of ordinary shares} \\ \text{outstanding} & \\ \text{DEBT} &= \text{Total Debt} \\ \text{TA} &= \text{Total Assets} \end{aligned}$$

The Tobins'Q ratio explains that the value of the company is all assets owned, both tangible and intangible assets. If the Tobins'Q ratio shows the numbers 0 - 1, it means that the value of the company is low so that the market also assesses it as low. This is because the cost of replacing company assets is greater than the market value. Meanwhile, if the ratio of Tobins'Q shows a number of more than 1 then, the value of this company is high.

Before testing the hypothesis, the researcher first carries out a descriptive analysis and a classic assumption test, namely the multicollinearity test, autocorrelation test, heteroscedasticity test, and normality test, if all data has passed the classical assumption test, the researcher takes the next stage, namely testing the hypothesis with path analysis. According to Baron & Kenny (1986), a variable can be said to be a mediator if the variable influences the relationship between the predictor / independent variables and the criterion / dependent variable.

Testing the effect of mediation in this study was carried out with the Sobel test or Sobel test with the procedure developed by Sobel (1982) in (Ghozali, 2013). The method of testing the Sobel is to test the indirect effect of X to Y through M. The calculation is by multiplying the path coefficient value ab. You can also use the coefficient $ab = (c-c')$, where c is the effect of X on Y without controlling M, while c' is the effect of X on Y after controlling for M. The standard error for the coefficients a and b is written as S_a and S_b and the standard error for the indirect effect is S_{ab} which is calculated by formula:

$$S_{ab} = \sqrt{b^2 S_a^2 + a^2 S_b^2 + S_a^2 S_b^2}$$

The significance of the indirect effect can be tested by calculating the t value of the coefficient ab with the following formula:

$$t = \frac{ab}{S_{ab}}$$

Furthermore, the t value is compared with the t table value, if the t value > from the t table, it can be concluded that there is a mediating effect. The assumption requires a large sample, if the sample size is small then the Sobel test becomes less conservative. In this study, path analysis is used to examine the effect of the mediation provided by the audit fee variable. That is the direct influence between the CSR and GCG variables on audit costs, as well as the indirect effect between the CSR and GCG variables on Firm Value through audit fees.

III. RESULTS AND DISCUSSION

This research uses a sample of companies listed on the IDX and consecutively listed on the IICG during the period 2015 to 2018, then reselected according to the purposive sampling technique that has been previously determined, the number of companies that meet the research criteria is 11 companies during 2016-2018, so that the number of observations is 33 companies (firm-years). Descriptive statistics provide an overview and describe the data based on the mean value, standard deviation value, variant, maximum, minimum, sum, range, kurtosis, and skewness (slope distribution).

Table 2. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	33	0,18	1,03	0,4260	0,16360
GCG	33	71,44	94,86	84,9648	6,37693
Audit fees	33	20,33	29,05	24,0295	2,30785

<i>Firm value</i>	33	0,31	9,55	1,4946	1,97285
<i>Valid N (listwise)</i>	33				

Source: Data processed (2020)

Based on table 2, the results of the SPSS output show that the number of observation data for Corporate Social Responsibility (CSR) is proxied by CSRDI in companies registered with CGPI, there are 33 data, from 33 CSR data, it is found that the smallest (minimum) CSR disclosure is 0.18, namely at PT. Pembangunan Jaya Ancol Tbk. in 2017. As for CSR activities, the most disclosed (maximum) was 1.03 owned by PT. Bukit Asam Tbk. in 2017. The average CSR data for all companies in the 33 observation data is 0.4260 with a standard deviation of 0.16360. The standard deviation value shows that it is smaller than the average value, meaning that the distribution of CSR data is good at the CGPI company that is the sample.

Good Corporate Governance (GCG) which is proxied by the GCG score of CGPI shows that the smallest (minimum) data is 71.44 owned by PT. Pembangunan Jaya Ancol Tbk. in 2016. Meanwhile, the highest GCG score (maximum) is 94.86 which is owned by PT. Bank Mandiri (Persero) Tbk. in 2018. The average GCG score based on 33 observation data is 84.9648 with a standard deviation of 6.37693. The standard deviation value is less than the average value. This condition indicates that the distribution of GCG data is good in the companies registered in CGPI that are sampled.

Audit costs are measured by the natural logarithm of audit costs incurred by the company. From 33 observation data in table 4.1 shows the minimum amount of audit fees is 20.33 which is owned by PT Wijaya Karya (Persero) Tbk. in 2016, while the maximum value of audit fees is 29.05 owned by PT. Bank Mandiri (Persero) Tbk. in 2018. The average audit cost incurred by all sample companies was 24.095 with a standard deviation of 2.30785. The standard deviation value is smaller than the average value, which means that the good distribution of audit fee data on companies listed in CGPI is in the companies being sampled.

The company value is proxied by tobins'Q with a minimum value of 0.31 which is owned by PT. PLN (Persero) in 2016. While the maximum company value of 9.55 is owned by PT. Bakrie & Brothers Tbk. in 2017. The average value of the company in the 33 observational data is 1.4946 with a standard deviation of 1.97285 which indicates a standard deviation value is greater than the average value which means that good data distribution is found in companies registered with CGPI that are not be a sample.

The data that has been free from the classical assumption test are then performed to test the hypothesis using path analysis. Path analysis aims to test the magnitude of the effect of the contribution shown by the path coefficient on each path diagram of the causal relationship between CSR, GCG variables on audit costs and the causal relationship between CSR, GCG and audit costs on firm value. After analyzing the data, then making a model of the path equation by looking at the test results presented in table 3. below:

Table 3. Results of Path Analysis Model 1 and Model 2 Test

Model	Unstandardized Coficients	
	B	T
<i>Model 1</i>		
(constant)	-0,254	-0,523
CSR	-1,952	-1,688
GCG	0,335	4,250
<i>Model 2</i>		

(constant)	2,279	2,646
CSR	0,738	0,345
GCG	-0,372	-2,105
Biaya Audit	-0,018	-0,055

Source: Data processed (2020)

Based on the results of hypothesis testing, it shows that CSR has no effect on audit costs at a significance value of 0.102. In agency theory, high CSR disclosure can minimize monitoring costs due to information asymmetry. In the research of Cheng et al. (2014) with good CSR disclosure will reduce agency costs and reduce information asymmetry because increased stakeholder involvement shows strong transparency. By disclosing that the CSR management program as an agent has carried out a moral responsibility to shareholders to do the right thing, behave ethically, honestly, and can be trusted because this behavior has an impact on the reputation of the company Jones 1995 in (Anna & Vasiliki, 2017). However, the results of this study differ from this theory. This is because the regulations on CSR in Indonesia are still very limited, there has been no strict sanction in implementing the CSR program so that there has been no recommendation from the government to carry out CSR audits such as auditing financial reports, so most companies have not implemented CSR programs optimally, which in the end there is no incentive to carry out a CSR audit so that the size of the audit fee is not determined by CSR disclosure. This is evident in the companies registered in CGPI, only 11 companies that disclosed their CSR consecutively for 3 periods (2016-2018).

The results of this study differ from LópezPuertas-Lamy et al. (2017) in developed countries, CSR disclosure is an important factor in determining audit fees, so that at the time of acceptance of an audit engagement, the client also asks to examine thoroughly both the examination of misstatements in company operations contained in the financial statements and misstatements of the CSR program. This shows the complexity of auditing and company transparency. So, if the company wants more credible CSR disclosure, the audit costs incurred by the company will also increase. This is supported by the research of Kim & Kim (2013) with a high CSR examination and audit fees. The auditors will be more comprehensive in conducting audits so that the company's risk is also lower.

This study supports the research of Pratt & Stice (1994); Simunic & Stein (1996) in research that have found evidence that audit costs are influenced by the litigation environment (the legal regimes of various countries) in which the client company operates so that there is an additional premium to cover litigation costs. This assumption is in line with research which has examined CSR disclosure in 3 countries, namely, Indonesia, China, and Australia, although international CSR arrangements are still voluntary, western countries are more obedient to the principles of social and environmental responsibility. While the CSR program in Indonesia has not been fully felt by stakeholders around the company, referring to the limited CSR regulations in Indonesia, it is not clear about the calculation of the company's budget that takes into account the aspects of appropriateness and fairness and the sanctions have not been explained in detail in statutory provisions.

It can be concluded that the CSR program carried out and disclosed by the company is not included in the audit the client's business by the auditor. Thus, the size of CSR disclosure cannot affect audit costs.

Based on the results of hypothesis testing which shows that GCG has a positive effect on audit costs with a significance value of 0.000. In theory, the GCG agency can minimize the information asymmetry, so that monitoring costs are not too large. GCG can reflect internal control and bankruptcy risk assessment, with a good GCG considered an important reference item in the audit plan, including audit fees, audit scope, audit timing, and audit schedule. The findings in this study differ from the theory because it is proven that the higher the CGPI score, the higher the audit costs incurred by the company. Researchers assume that the high cost of auditing with good GCG is not due to weak internal control and high risk of bankruptcy, but because the company has a better financial condition, so that the audit costs incurred are also greater, they dare to pay large costs assuming that Bigfour KAP more integrity and quality and have a more objective auditor so that the examination can produce correct and accurate decisions. This is evident from the majority of companies registered in CGPI use Bigfour KAP. This is in line with research Hassan et al. (2014); Kim & Kim (2013) which show that CGI has a positive coefficient on audit costs. Companies with a good CGPI score can pay more in audit fees because they have higher financial standards that require the auditor's effort for a thorough audit.

The results show that audit fees do not have a significant effect on firm value. Because in investing, shareholders and investors do not see the fundamental analysis of audit fees, most investors think that audit fees

have not shown the actual condition of the company, because if the auditor makes a decision that is not by the company's expectations, the company will switch to Other KAP have more flexible rules, so shareholders and investors do not invest in fundamental analysis for the long term. Investors look more at the daily stock price index and short-term financial conditions such as company profitability.

This study is different from the research of Moutinho et al. (2012) suggest that audit fees has an effect on firm value. Meanwhile, there is a significant positive relationship between audit fees and Tobin's Q and there is a negative effect on the relationship between non-audit fees and Tobin's Q (Martinez & Moraes, 2014).

Based on the results of hypothesis testing which shows that CSR has no effect on firm value with a significance value of 0,345. The results showed that CSR had no effect on firm value. By the previous researchers' assumptions, that investors are less responsive to corporate social responsibility, they tend to be more profit-oriented, preferring companies with high profitability to do daily business of stocks rather than making long-term investments. These findings are in line with research results Lobo & Kurnia (2016); Mulyadi & Anwar (2012) who tested the effect of CSR on firm value with profitability as moderation, the results show that CSR does no effect on firm value because in investing investors do not see social responsibility carried out by companies, but only see the market economy and viral news appears because most of them do buy and sell shares daily. Investors are more likely to buy shares in companies with high profitability than company image and environmental responsibility (Stiaji et al., 2017).

Based on the results of hypothesis testing which shows GCG has a negative effect on company value. This means that the higher the GCG score, the lower the company's value because companies with high GCG reflect better internal control followed by standard regulations so that investors are less interested in investing. It could be that in investing, investors are more interested in companies with more flexible rules and corporate governance, which is important to be able to get large profits without neglecting existing laws and regulations. Companies that register themselves in the CGPI engagement will indirectly incur additional costs which will certainly reduce the company's profits, while the mindset of most investors and shareholders is profit-oriented, so they are less interested in registering their company in the CGPI ranking. This is evident until 2018 out of around 600 companies on the IDX, only 50 companies have been registered with CGPI, while in the 2016 - 2018 period there were only 11 companies registered on CGPI in a row.

Based on agency theory, good CSR disclosure will reduce agency costs and reduce information asymmetry because increased stakeholder involvement indicates strong transparency, low agency costs will increase investor and shareholder confidence. However, the results of the study cannot prove that high CSR can minimize audit costs, reducing audit fees can increase company value because it can increase investor and shareholder confidence (Jo & Harjoto, 2011; Liu et al., 2017).

The results of this study are different from those of Kim & Kim (2013) in that CSR has a positive effect on audit costs. In other words, auditors will be more comprehensive in conducting audits so that the company's risk is also getting lower. High audit fees will increase company value. In good corporate governance practices to create value for managers and members of the board of directors when deciding on the scope of audit services by independent auditors, they must pay attention to the remuneration and services provided, apparently with comprehensive audit services the perceived risk is lower, so that the company's value increases, because shareholders and investors have more confidence in giving their capital to the company (Martinez & Moraes, 2014).

Based on the results of the sobel test. Because $t \text{ count } (0.05357) < t \text{ table } (2.03951)$ at the 0.05 significance level, it can be concluded that audit costs are not proven to mediate between GCG and firm value. Agency theory explains that companies that carry out good governance will avoid agency conflicts that lead to agency costs incurred by the company owners. Asare et al. (2005) proved that companies with weak governance will increase audit costs because they will pay higher auditors because companies with weak controls can increase audit risk so that auditors will conduct a broader examination. Meanwhile, if GCG is high, the audit fee will be lower because the audit time is also getting shorter. Therefore the required audit fees can be a sensible guide to the direction of company performance (Moutinho et al., 2012). High audit fees will have a positive effect on firm value because the risk felt by shareholders is lower (Martinez & Moraes, 2014). Because the company we studied is a trusted company that is ranked by CGPI.

The results of the study are not by the expectations of researchers, namely audit fees can be a mediation between the effect of CSR and GCG on Firm Value. Researchers assume that audit costs cannot be a mediator between the relationship of CSR to firm value and GCG to firm value because indirect hypothesis testing, audit costs do not affect firm value so that if the intervening variable does not directly affect the dependent variable, it is certain that the intervening variable cannot mediate. Most investors think that the audit fee does not reflect the actual condition of the company, because if the auditor makes a decision that is not with the company's expectations, the company can switch to another KAP that has more flexible rules, so in investing, shareholders and investors do not see the analysis. fundamental for the long term. Investors look more at the daily stock price index and short-term financial conditions such as company profitability.

IV. CONCLUSION

This study aims to find empirical evidence regarding the relationship between CSR and GCG in influencing audit costs and firm value, where the firm value will increase if the company's performance is getting better. Based on the description of the explanation in the discussion, it can be concluded that in response to the formulation of the problem in this study that CSR does not affect audit costs, the CSR program carried out and disclosed by the company is not included in the audit of the client's business by the auditor. Thus, the size of the CSR disclosure cannot affect audit costs. Meanwhile, GCG has a positive effect on audit costs. Companies with a good CGPI score can pay more audit fees because they have higher financial standards assuming companies with high CGPI scores can pay more audit fees because they have higher financial standards so they choose big-four KAP which is more integrated and of high quality. CSR and audit fees has no effect on firm value. However, GCG has a significant negative effect on firm value. Path analysis shows that audit fee cannot be a mediation between CSR and GCG on firm value.

The results of this study are expected to contribute ideas for the development of science, especially in the field of accounting, and can provide important implications for management and regulators, namely as an alternative in making investment decisions that can increase company value.

From the above conclusion, this study has several limitations, namely the exogenous variables used are only two variables of CSR and GCG. Researchers take non-financial variables to analyze the factors that affect audit costs and firm value. The basis of GCG disclosure used is the ranking of CGPI, so the scope of the population is narrower, the sample size is small because it only uses companies registered in CGPI for 3 periods 2016 - 2018 so that the research results cannot be generalized. This research is development research which tries to analyze the indirect effect, so that the researcher has a little difficulty determining the theories used to connect between components that influence each other, so the researcher must make an opinion to strengthen this research.

Suggestions for future researchers, namely the absence of the effect of CSR on audit costs and company value, can be a reference for further research in both accounting and other sciences. The next researcher can also add supporting variables such as company size, audit quality and profitability and collect additional information about CSR, which in the end CSR can affect audit costs to create firm value. Future research should expand the research sample, research data, such as using a longer research observation period and using all publicly traded companies to produce better research. In measuring each component of the variable, it is expected to be more thorough so that the measurement results are more precise and accurate to produce unbiased information. Future researchers are expected to prioritize theories which are the main elements of research and should be prepared first and then explain in a clear and sequence to strengthen the research results.

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