Analysis Of Factors That Influence The Occurrence Of Audit Delay

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ABSTRACT

The purpose of this study is to examine the effect of firm size, profitability, and KAP size on audit delays for consumer goods industry listed on the Indonesia Stock Exchange in 2019-2021. This study uses secondary data and the sample was obtained using a purposive sampling method, with a total sample of 48 companies. The research method used is multiple linear regression by using IBM SPSS program version 22. From the test results it is known that the coefficient value (R Square) is 0.467, which shows that profitability, firm size, and KAP size can explain audit delay of 46.7% and the residue 53.3% is other factors not include in this study. Based on the partial test, it can be concluded that profitability and KAP size have a negative and significant effect on audit delay. Meanwhile, firm size has no effect on audit delay. Where the size of the company does not affect the audit process carried out by the auditor, because the auditor does his work in accordance with the Public Accountant Professional Standards.

Keywords : *Audit Delay, Firm Size, Profitability, Public Accountant Office.*

Introduction

The development of companies going public cannot be separated from the demand for audited financial reports, where these reports will later become a source of information for users. Financial reports produced by company management without an audit are considered not relevant enough, because they do not go through the process of testing the consistency between accounting practices and applicable accounting principles (Rahayu et al., 2020). Submitting financial reports in a timely manner is the main challenge in producing relevant financial reports. According to the provisions of PSAK 1 regarding the presentation of financial statements in paragraph 43, if there is a delay in presenting financial statements, the information becomes irrelevant.

Audited financial statements basically have a completion time of no later than 90 days after the closing of a company's financial statements. In accordance with the regulations of the Financial Services Authority (OJK) Number 14 / POJK.04 / 2022 regarding the reporting of periodic financial reports by issuers or public companies, where the deadline for issuing financial reports for companies going public is on the 90th day or the third month after the closing of the book. Based on a statement issued by the IDX on May 13, 2022, as many as 91 issuers have not published financial reports for the period December 31, 2021. The deadline for submitting financial reports and auditor reports for that period is May 9, 2022, which means 91 companies experience audit delay.

There are several things that are thought to be obstacles in the issuance of a company's financial statements. According to research by Devina & Fidiana (2019), company size is cited as a factor that causes audit delay. According to him, large companies have a high company management system, so that it will make it easier to collect evidence for auditors. In addition, the occurrence of a long audit delay will lead to a decreased level of investor confidence and cause the selling value of the shares to be affected. The study worked on by Liwe et al., (2018), states that profitability has a significant impact on audit delay. According to him, because companies that earn high profits can afford to use auditors with higher fees, in the end the company can decide to use a public accounting firm that is able to complete its work quickly.

Furthermore, another factor that is thought to have an effect on audit delay is the size of KAP. Apart from internal audits, companies certainly need external audits to evaluate and analyze their company's financial statements. Based on the results of a scientific study conducted by Clarisa & Pangerapan (2019), KAP size has an impact on audit delay and a negative directional relationship. According to him, companies that use the services of KAP Big Four have a relatively low tendency to experience long audit delays. Because KAP Big Four makes it possible to conduct audits no later than the specified time period, which is 90 days after book closing.

In contrast to previous research, the results in the scientific study conducted by Ginanjar et al. (2019) revealed that company size has no impact on audit delay. According to him, because the samples in his research are both supervised by investors, the size of the company has good management. The study conducted by Anggraini et al. (2022), in their study it was found that profitability had no effect on audit delay. According to him, auditors perform their duties not based on the level of profitability obtained by the company, but based on applicable audit standards. Furthermore, the results of the research conducted by Ebang et al. (2019) suggests that KAP size has no effect on audit delay. The results of his research state that the size or size of the public accounting firm does not result in audit delay.

Based on the description above and the analysis that has been carried out, there are various aspects that can cause audit delay, namely company size, profitability, and KAP size. The three factors were determined because they are indirectly related to the audit process, so it was decided to raise them in this study. Furthermore, the object used is a consumer goods company that has been listed on the IDX.

RESEARCH METHODS

The data used in this study consists of quantitative information and comes from secondary data, namely the company's annual financial statements. The data source is obtained from the official website of the Indonesia Stock Exchange www.idx.com in the 2019-2021 period for companies in the consumer goods sector. The analysis was carried out using multiple linear regression methods. Multiple linear regression is an analytical approach that examines the relationship between two or more variables to assess the impact of independent variables on the dependent variable (Ghozali, 2018). In this context, this study applies multiple linear regression analysis to assess the significance of the effect of company size, profitability, and KAP size on audit delay. The IBM SPSS version 22 program was used to conduct the test.

1. Samples and Sampling Techniques

   Samples are components of the population that have been eliminated in a certain way (Ul'fah Hernaeny, 2021: 36) In this study, the data collection strategy applied was non-probability sampling, by applying purposive sampling techniques. The sample determination process has the following criteria: (1) Consumer goods companies listed on the Indonesia Stock Exchange during the 2019-2021 period, (2) Using rupiah currency in presenting financial statements. (3) Have complete data and have published audited financial statements during the 2019-2021 period.

2. Pengukuran Variabel
   a. Audit Delay

      Variabel yang menjadi fokus dalam penelitian ini adalah audit delay. Audit delay diartikan sebagai perbedaan waktu antara tanggal penutupan buku perusahaan dengan tanggal penerbitan laporan auditor independen. Formula audit delay dapat dijelaskan sebagai berikut: Audit Delay = Tanggal Laporan Audit – Tanggal Penutupan Tahun Buku

   b. Company Size

      The dimensions of the company or company size (firm size) refer to the scale or size of a company, which can be identified through its total assets (Yanasari et al., 2020: 87). The firm size variable can be measured using the natural logarithm derived from changes in the total asset structure. The formulation for company size is as follows: Company Size = Ln (Total Assets)

   c. Profitability

      Jorenza (2015) cited by (Ernesto & Pangaribuan, 2021: 22) states that profitability reflects the ability of a company to earn profits, either through sales, total assets, or shares. The ratio applied in this study is ROA (Return On Assets), which is formulated as follows: ROA = (Profit After Tax)/(Total Assets) X 100%

   d. KAP Size

      The dimensions of a public accounting firm (KAP) can be interpreted as parameters used to determine the scale or size of a public accounting firm (Aprilly & Nursasi, 2021). To evaluate the size of KAP, a dummy variable is used with the following format:

      1 : KAP affiliated with the Big Four.

      0 : KAP that is not affiliated with the Big Four.

Result

1. **Descriptive Statistics**

Table 1. Descriptive Statistics Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Size Company	144	25.31	32.82	28.4195	2.03340
Profitability	144	-.26	.61	.0850	.11095
KAP Size	144	.00	1.00	.3056	.46225
Audit Delay	144	29.00	182.00	95.1319	27.83248
Valid N (listwise)	144				

In Table 1 the company size shows a value of 25.31 as the minimum value and 32.82 as the maximum value, with a standard deviation value of 2.03340 and an average value (mean) of 28.4195, which indicates good company size data.

Profitability as measured using the ROA formula produces a minimum value of -0.26 and a maximum value of 0.61. As well as a standard deviation value of 0.11095 and a mean value of 0.0850, indicating the spread of data for profitability is large so that the data is not good. In order for the data to be normalized, the step that needs to be taken is to identify data that is at an extreme value or outlier.

KAP size obtained the lowest value, namely 0 for non-Big Four KAP whose services were used by the company and the highest value, namely 1 for Big Four KAP whose services were used by the company. With the acquisition of a standard deviation value of 0.046225 and a mean value of 0.3056, it proves that the data for KAP size has a large spread of data so that the data is not good. To normalize the data, outliers must be made on extreme data.

Audit delay in the sample in this study obtained the shortest audit delay period of 29 days and the longest audit delay of 182 days. With a standard deviation value of 27.83248 and a mean value of 95.139, it shows good audit delay data.

2. **Classical Assumption Test Results**

a. Normality Test
After outliers are made on extreme data, from a total sample of 144 data to 141 data. The test results can be seen through the following table.

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		141
Normal Parameters[a,b]	Mean	-1.6339970
	Std. Deviation	23.26158790
Most Extreme Differences	Absolute	.075
	Positive	.075
	Negative	-.056
Test Statistic		.075
Asymp. Sig. (2-tailed)		.052[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Dalam Tabel 2, disebutkan bahwa nilai signifikansi uji Kolmogorov-Smirnov sebesar 0,052. Karena nilai ini melebihi angka 0,05, dapat disimpulkan bahwa data tersebut terdistribusi secara normal.

b. Multicollinearity Test

Table 3. Multicollinearity Test Results

Coefficients[a]

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Company Size	.788	1.270
Profitability	.888	1.126
KAP Size	.758	1.320

a. Dependent Variable: Audit Delay

In Table 3 above, the tolerance value for each independent variable shows a number that exceeds 0.10, and the Variance Inflation Factor (VIF) value is below 10, so it can be said that the variables in this study are free from multicollinearity problems.

c. Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.418	8.394		1.479	.141
Company Size	-1.035	1.035	-.094	-1.000	.319
Profitability	-6.351	4.634	-.123	-1.370	.173
KAP Size	-.029	.461	-.006	-.063	.950

a. Dependent Variable: LnRes_2

Based on Table 4, the significance value of each independent variable produces a value of more than 0.05, so it is concluded that all variables in this study are free from heteroscedasticity problems.

d. Autocorrelation Test

Table 5. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.702[a]	.493	.467	.13536	2.055

a. Predictors: (Constant), KAP Size, Profitability, Company Size

b. Dependent Variable: Audit Delay

Table 5 shows the DW value of 2.171. With a sample of 141 (N = 141) and 3 independent variables (k = 3), using the Durbin-Watson table, the dU value is 1.7685 and the 4-dU value is 2.2315. This value can be interpreted that the DW value (2.055) is in the middle of the values 1.7685 (dU) and 2.2315 (4-dU), these results indicate that the data in this study are free from autocorrelation.

3. Hypothesis Test Results
a. T-test (Partial Test) and Multiple Linear Regression Analysis

Table 6: Results of the t-test

Coefficientsᵃ

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	139.298	29.962		4.649	.000
Company Size	-1.274	1.078	-.101	-1.182	.239
Profitability	-65.783	20.296	-.261	-3.241	.001
KAP Size	-13.536	4.882	-.242	-2.772	.006

a. Dependent Variable: Audit Delay

Based on Table 6 above, the multiple linear regression equation is obtained as follows: Y = 139.298 - 1.274 - 65.783 - 13.536 + e

As an explanation of the results of the t test and multiple linear regression analysis, namely:

1. The constant value of 139.298 proves that if the value of company size (X1), profitability (X2), and KAP size (X3) is constant, the audit delay value will reach 139.298.
2. The regression coefficient on company size (X1) obtained a value of -1.274, indicating a negative relationship with audit delay. Where if the company size increases by 1 and the other independent variables have a fixed value (0), so the time for audit delay will decrease by 1.274. In addition, for the company size variable (X1), a negative regression coefficient is obtained, namely -1.274. The significance value obtained is 0.239 which is greater than 0.05, while the calculated t value is -1.182 < t table 1.97743. This shows that partially the company size variable does not affect the occurrence of audit delay in consumer goods companies listed on the Indonesia Stock Exchange (H0 accepted).
3. The regression number for the profitability variable (X2) shows a negative value of -65.783, implying a negative correlation with audit delay or audit delay. If profitability increases by 1 and other independent variables have a fixed value (0), then the time for audit delay will decrease by 65.783. In addition, the profitability variable (X2) obtained a negative regression coefficient value of -65.783 and obtained a significance value of 0.001 <0.05 and a calculated t value of -3.241> t table 1.9774. From the test results, it proves that partially there is a negative and significant impact between profitability variables on audit delay in consumer goods companies listed on the Indonesia Stock Exchange (H2 accepted).
4. The regression coefficient on the KAP size variable (X3) is negative -13.536, which indicates a negative relationship with audit delay. If the KAP size increases by 1 and the other independent variables have a fixed value (0), the time for audit delay will decrease by 13.536. In addition, the KAP size variable (X3) obtained a negative regression coefficient value of -13.536 and obtained a significance value of 0.006 <0.05 and a t value of -2.772> t table 1.97743. From the test results, it proves that partially there is a negative and significant impact between the KAP size variable on audit delay in consumer goods companies listed on the Indonesia Stock Exchange (H3 d).

b. F Test (Simultaneous Test)

Table 7. F Test Results

ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19781.421	3	6593.807	12.215	.000ᵇ
	Residual	73952.721	137	539.801		
	Total	93734.142	140			

a. Dependent Variable: Audit Delay
b. Predictors: (Constant), KAP Size, Profitability, Company Size

In Table 7 above, it is known that the calculated F value is 12.215 with a sig value of 0.000. Furthermore, to obtain the F table using the value of df1 = 3 and df2 = 137 and the probability used is 0.05, so that the F table value is 2.67. From this acquisition, the F count (12,215)> F table (2.67) and sig value (0.000) <0.05, so the hypothesis in this test is accepted. From the results obtained, it states that the variables of company size, profitability, and KAP size simultaneously have an impact on the occurrence of audit delay.

c. Test Coefficient of Determination (R2)

Tabel 8. Hasil Uji Koefisien Determinasi

Model Summaryᵇ

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.702ª	.493	.467	.13536

a. Predictors: (Constant), KAP Size, Profitability, Company Size
b. Dependent Variable: Audit Delay

From the data in Table 8, Adjusted R Square has a value of around 0.467. This figure indicates that all independent variables are able to explain about 46.7% of the variation in the dependent variable, namely audit delay, while the remaining 53.3% can be attributed to other factors not included in this study.

Conclusion

The purpose of this case study is to determine the effect of company size, profitability, and KAP size on audit delay in consumer goods companies that have been listed on the Indonesia Stock Exchange in the 2019-2021 period. The test results obtained a value of 46.7% which indicates that the dependent variable, namely audit delay, can be explained by the dependent variable, namely company size, profitability, and KAP size. Then the remaining 53.3% is explained by variables not included in this study. Partially, the company size variable does not have a negative and significant effect on the occurrence of audit delay in consumer goods companies listed on the Indonesia Stock Exchange for the 2019-2021 period (H0 accepted). This is confirmed by the value obtained from the t test which shows t count (-1.182) < t table (1.97743) and a significance value of 0.239> 0.05. The profitability variable partially affects the occurrence of audit delay with a negative and significant directional relationship in consumer goods companies listed on the Indonesia Stock Exchange for the 2019-2021 period (H2 accepted). This is confirmed by the value generated from the t test which shows t count (-3.241) > t table (1.97743) and a significance value of 0.001 <0.05. The KAP size variable partially affects the occurrence of audit delay with a negative and significant directional relationship in consumer goods companies listed on the Indonesia Stock Exchange for the 2019-2021 period (H3 accepted). This is

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