JURNAL AKUNTANSI VALUE RELEVANCE

Audit Delay in the Perspective of Company Size, Profitability, and Solvency

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Information Article	Abstract
	An audit delay indicates the completion of the finance company's audit report. The condition company also follows the determined audit schedule because it relates to the condition finance company. This research analyzes the influence of company size, Profitability, and solvency on audit delay. The population of this research is in the manufacturing sector and food and beverage companies listed on the Indonesian Stock Exchange in 2019-2023, with 120 observations. This type of research data uses secondary data sourced from reports of annual companies. Method analysis uses analysis regression, which covers classical assumptions, regression models, test hypotheses, and determinant coefficients. Results show that Profitability and solvency are influential against audit delays, while the size of the company has no influence against audit delays. The contribution of research models explains audit delay of 63.11 %.

Introduction

Companies, especially companies *going public*, must prepare financial reports at the end of each period. The information in financial reports can be helpful if it is presented accurately and on time to the people who need it. An independent auditor's report must accompany financial reports submitted to the O.J.K. This report must be announced to investors no later than the end of the third month or (90 days) after the end of the financial year by the decision of the chairman of the Capital Market Supervisory Agency regarding financial reports Number: KEP-346/BL/2011 with regulation number XK2. After presenting the financial statements, the independent auditor must carry out an audit process on the financial statements. Each company's financial statement must be published to the public and pass the audit stage by the Indonesian Stock Exchange (B.E.I.) public accountant so that it becomes information eagerly awaited and valuable for many parties, including business people in the capital market. The financial reports presented make it easier for users to make the right decisions. According to Setiawan and Nurhidayah (2021), company financial reports are often published differently. Companies that meet the requirements will publish financial reports faster than the time set by BAPAEPAM.

This research is based on the phenomenon of Indonesian *publicly traded companies* that still need to submit financial reports. To avoid these sanctions, the company and the auditor must work together to complete all financial reports and immediately report them to the Indonesian Stock Exchange (B.E.I.). A report from www.cnnindonesiaa.com on 31 August 2020 stated that the Indonesian Stock Exchange (B.E.I.) temporarily suspended trading (suspension) for 26 issuers. The suspension was carried out because the issuers still needed to complete their obligation to submit audited financial reports ending on 31 December 2019 due to unpaid fines. By provisions II.6.3 of Regulation Number I.H.: Regarding sanctions, the Indonesian Stock Exchange (B.E.I.) has given a written warning III and an additional fine of IDR 150 million to companies that are registered as late in submitting financial reports or have not paid fines for late submission of financial reports. B.A.P.E.P.A.M. decision letter number KEP-346/BL/2011 stipulates that *publicly traded companies* or issuers listed on the Indonesian Stock Exchange and Stock Exchanges in other countries must submit annual financial reports accompanied by an accountant's report in order to audit the financial statements no later than at the end of the third month after the annual financial data. Apart from that, as stated in provision A.2.e where Exchange Regulation No. IA3 regarding issuer reporting obligations and fair annual financial reports. The length of the audit process: According to Yokka Ferdita (2020), audit delay is the time between the audit report date and the company's fiscal year. In other words, audit delay is when the auditor must complete the financial reports from the date the company's books close. The timeliness of submitting financial reports must be independent of the role of the independent auditor conducting the audit. The company provides high-quality and reputable independent auditor services to help complete financial reports promptly.

Literature Review and Hypothesis
Theory agency

The agency complied theory (Pratiwi et al., 2021) explains the relationship between the agent (management) and the principal (shareholders), in this case, the owner as manager for processing. For the principal, the results of information processing can be used for decision-making. Information between the agent and the principal does not always match. Information asymmetry between the agent and the principal is the term used to describe this information mismatch.

Signal Theory

Signal Theory is explained by Setiawan & Nurhidayah (2021) as decisions made by company management where management understands the company's internal information and prospects better than other external parties. Machmuddah et al. (2020) state that signal theory is a business's actions to inform investors about how management views the company's prospects. The signal given shows that management has met the owner's expectations. Managers are generally motivated to provide accurate information about company performance to the public immediately. Investors must consider these signals before investing their shares in the company. If the manager's signals convince the public, the public will be impressed, reflected in the share price.

Audit Delay

Audit Delay refers to the time required to audit annual financial statements. This audit delay is calculated based on the days needed to obtain financial information from the independent auditor. Audit-related delays with an audit of the company's annual financial information will begin on the date stated in the independent auditor's report (Olimsar, 2023).

Company Size

According to Bendriani (2011), company size is determined by the assets of each company. The assets show how big or small the company is, and the boundaries or width of the company show how the company can handle production elements as well as expected. Because an organization's size is proportional to its level of control, a company's total assets determine the length of an audit.

Profitability

Profitability is a ratio that assesses a company's ability to earn profits or returns within a certain period (Jannah, Miftahul, 2018). This ratio is used to measure whether owners or shareholders can obtain a reasonable rate of return on their investment. High Profitability can indicate good prospects for the company. Companies with a high level of Profitability tend to experience short audits so that responsible parties can expect better results (Putra et al., 2022).

Viability sole

The solvency ratio shows a company's ability to survive in the long term (Bendriani, 2011). A high level of solvency influences the length of time an auditor takes to complete a report. Conversely, a low level of solvency speeds up the audit process.

Research Methods

The type of study used is entitative data research, where the data used is secondary, i.e., dates are not directly obtained from the company but from other sources that are good through individual documentation (Yanti et al., 2020). Secondary data used in the study This is a report of an annual company manufacturing sub-sector *food and beverages*, which made samples during observation and registered them in Exchange EffectIndonesia.

Results and Discussion
Description Statistics
The results of research data descriptions of average values and deviations are explained in descriptive statistics.

Table 1
Descriptive Statistics

	Y	X1	X2	X3
Mean	100.2083	28.17102	0.126098	0.541608
Median	88.50000	28.13869	0.058816	0.416622
Maximum	327,0000	33.03712	8.302364	8.207719
Minimum	47,00000	18.40243	-1.369320	0.000998
Std. Dev.	42.54585	2.134084	0.775804	0.901875
Skewness	2.806235	-0.499127	9.818701	6.528022
Kurtosis	13.36579	6.459628	104.6677	51.07583
Jarque-Bera	694.7470	64.82770	53609.72	12408.73
Probability	0.000000	0.000000	0.000000	0.000000
Sum	12025.00	3380.523	15.13176	64.99295
Sum Sq. Dev.	215407.8	541.9636	71.62276	96.79205
Observations	120	120	120	120

Source: Eviews results 12, 2024

The average value of Audit Delay is 100.21; the audit delay deviation standard is 42.55, and the minimum value is 47. In 2020, Sariguna Primatirta Tbk became the company that experienced the lowest *audit delay*, 92 days. Temporarily, the maximum value is 327, as shown by Prima Cakrawala Abadi, Tbk. It became the company that experienced the most extended *audit delay or had the highest audit delay value* of 401 days.

The average value of Company Size is 28.17, and the standard deviation is 2.13, which means that the size of the data distribution for the Company Size variable is homogeneous because it is smaller than the average. Pratama Abadi Nusa Industri, Tbk, indicated a minimum value of 18.40243 in 2021, while Mayora Indah, Tbk, showed a maximum value of 33.04 in 2022.

The average value of Profitability is 0.13, and the standard deviation is 0.78, which means that the size of the distribution of profitability data is heterogeneous because it is greater than the average. Magna Investama Mandiri, Tbk, obtained a minimum value of -1.37 in 2019. Meanwhile, it acquired the maximum profitability value of 8.30 in 2020.
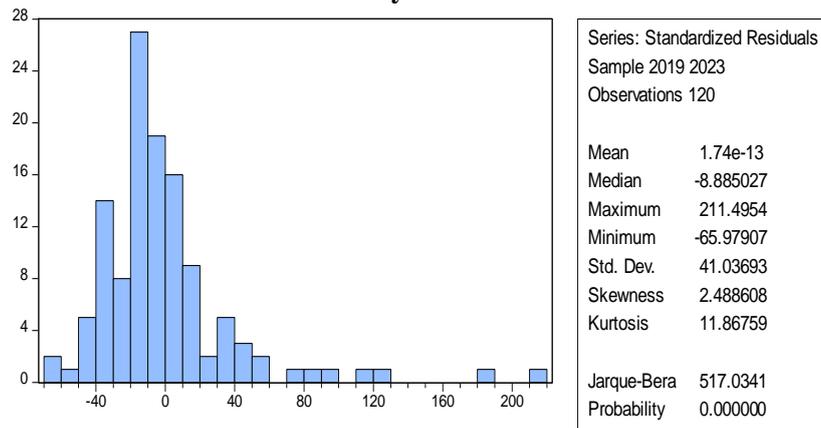
The average solvency value is 0.54. The deviation standard is 0.90, meaning that the Solvency distribution size is homogeneous because it is smaller than the average. The company Sekar Laut, Tbk, obtained a minimum value of 0.0009 in 2023, while Magna Investama Mandiri, Tbk, obtained a maximum solvency value of 8,201 in 2020.

Test Assumption Classic
Test Normality
Test normality was done using the mark significance of the Jarque-Bera mark.

Figure 1
Normality Test Results

Series: Standardized Residuals	
Sample 2019 2023	
Observations 120	
Mean	1.74e-13
Median	-8.885027
Maximum	211.4954
Minimum	-65.97907
Std. Dev.	41.03693
Skewness	2.488608
Kurtosis	11.86759
Jarque-Bera	517.0341
Probability	0.000000

Source: Eviews results 12, 2024

Based on Figure 1, it can be seen that the Probability value in Jarque-Bera is 0.0000. This value reduces the probability value to <0.05, so it can be concluded that the data is not normally distributed, so the regression model does not affect the normality assumption.

Multicollinearity Test
Test multicollinearity see results comparison mark correlation between variable independent (company size, Profitability, and solvency)

Table 2
Results Multicollinearity Test

	X1	X2	X3
X1	1,000000	-0.170806	-0.321303
X2	-0.170806	1,000000	0.730759
X3	-0.321303	0.730759	1,000000

Source: Eviews results 12, 2024

The results of the multicollinearity test in Table 2 above show that the comparison of the highest correlation coefficient value of 0.73 indicates that there are no independent variables with a correlation coefficient value exceeding 0.18. So, it can be concluded that there is no multicollinearity or no relationship between the independent variables.

Linear Regression Test

Results test multiple linear regression produce predictions of variable company size, Profitability, and solvency against audit delays with equality regression,

$$Y= 129.43 – 1.53 X1 – 19.40 X2 + 22.52 X3 + e$$

Table 3
Results Multiple Linear Regression Tests

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	129.4383	34.97029	3.701380	0.0003
X1	-1.532548	1.212444	-1.264015	0.2089
X2	-19.39507	5.781556	-3.354645	0.0011
X3	22.51714	5.794992	3.885621	0.0002

Source: Eviews results 12, 2024

The regression equation explains that the constant value shows a value of 129.43. If all independent variables are equal to constant or zero, the company value will be 129.43. The regression coefficient value for Company Size is - 1.53**, which** means that if the company's size increases by 1%, then the company's value will increase by 1.53**,** provided that all other independent variables are constant. The profitability regression coefficient value is -19. 40 means that if Profitability increases by 1%, the company value will decrease by 19.40**,** provided all other independent variables are constant. The solvency regression coefficient value is 22.5 2**, which** means that if solvency increases by 1%, the company value will increase by 22.5 2**,** provided all other independent variables are constant.

The t-test results show that if the probability value of company size is 0.2 > 0.05, then H_0 is accepted, and H_1 is rejected, meaning that company size does not affect audit delay. So, the first hypothesis (H_1), which states that company size does not affect audit delay, is rejected. If the profitability probability value is 0.0011 < 0.05, then H_0 is rejected, and H_2 is accepted. This means that Profitability influences audit delay, so the second hypothesis in this research is accepted. N value 0.0002 < 0.05, then H_0 is rejected, and H_3 is accepted. This means that solvency influences audit delay, so the third hypothesis in this research is accepted.

Table 4
Partial Test (t)

R-squared	0.655939	Mean dependent var	100.2083
Adjusted R-squared	0.631142	S.D. dependent var	42.54585
S.E. of regression	25.83966	Akaike info criterion	9.413737
Sum squared resid	74113.39	Schwarz criterion	9.622799
Log likelihood	-555.8242	Hannan-Quinn criter.	9.498638
F-statistic	26.45217	Durbin-Watson stat	1.214733
Prob(F-statistic)	0.000000		

Source: Eviews results 12, 2024

Based on Table 4 above, Prob. (*F Statistics*) is 0.00, which means the value is <0.05. This shows that the independent variables are company size, Profitability, and solvency, which are used to explain the dependent variable (audit delay).

Based on the test results in Table 4.6. above shows the coefficient of determination (R^2) value of 0.63 or 63.11 %. This shows that the independent variable, namely audit delay of 6 3.11 %, is influenced by company size, Profitability, and solvency variables. Meanwhile, other variables outside the research model influence the remainder (100% - 6 3.11 %=3 6.89 %).

Conclusion

The results of this study conclude that the variable company size does not affect *audit delay*. At the same time, Profitability, proxied by Return on Assets (ROA), and solvency, proxied by the debt-to-asset ratio (DAR), affect audit delays in manufacturing companies listed on the Indonesia Stock Exchange. 2019-2023. The contribution of this research model in explaining the relationship between independent variables (company size, Profitability, solvency) and the dependent variable (audit delay) is 63.11%.

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