DETERMINANTS OF AUDIT DELAY IN INDONESIA

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ABSTRACT

This research is a study using the literature study method which raises the five latest studies in 2022 which project audit tenure, firm age, auditor relations, audit opinion, public accounting firm reputation, profitability, solvency, internal audit and the covid-19 pandemic, and committees. audit against audit delay. The purpose of this study is to analyze more comprehensively the results of the five studies that have been carried out supported by other sources to increase literacy such as other research journals and books related to the analysis of determinants of audit delay.

Keywords: audit delay, analysis, determinants

INTRODUCTION

Information regarding company finances that has been included in the financial statements of a company will have beneficial value if the reports are able to be presented in an accurate and timely manner, which means that these financial reports can be used when needed by stakeholders (Fatimah & Abbas, 2022). Audit delay is the period of time needed to complete the process of auditing a company's financial statements. In Indonesia, cases of audit delay occur when the auditor is unable to complete the audit on time due to various reasons, such as a lack of resources, the complexity of financial reports, or internal problems within the company. Cases of audit delay in Indonesia often occur in companies listed on the Indonesia Stock Exchange (IDX) and must report their financial statements every year. When audit delay occurs, the result is reduced investor and public confidence in the company being audited. This can have a negative impact on the company's share price and the company's credibility in the capital market. Therefore,

Research on audit delay has been examined by many previous researchers. This study combines studies on audit delay that have been carried out previously during 2022 and performs a determinant analysis of audit delay and concludes some of the results of these studies. As far as the researcher's knowledge, this research has never been done by previous

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researchers.

LITERATURE REVIEW

Audit Delays

According toOmar, (2020)audit delay is the time difference between the date of the financial statements and the time and publication date of the audited financial statements. From this explanation, it can be interpreted that "audit delay" refers to the time required by the auditor to complete the audit process before the audited financial statements can be published (Payne & Jensen, 2002). The longer the audit delay period, the longer it will take stakeholders such as investors, creditors and other stakeholders to obtain information about the company's financial statements so that this can influence business decisions or investment decisions to be taken. If the "audit delay" in the company is getting longer, then this can reflect the poor quality of the company (Pratwi, 2018). So that the company as much as possible to try so that audit delay does not occur.

Profitability

Profitability is the standard of a company's ability to generate a profit (Maston & Sinaga, 2022). From this statement it can be interpreted that profitability is the ability of a company to generate adequate profits or profits from its operational results. Profitability is important for a company because profitability can enable a company to demonstrate the viability of the company in the long term and show users of financial statements that the efforts made by the company can generate profits.(Meini & Wulandari, 2022).Prihadi, (2019)explained that in determining the profitability ratio can be divided into three parts, namely; Return On Sale (ROS), Return On Assets (ROA) and Return On Equity (ROE).

Solvability

Hasanah & Estiningrum, (2022) explained that solvency is the company's ability to pay off all its obligations consisting of short-term and long-term obligations. The higher the solvency value owned by the company can indicate that the financial risk that is owned by a company is higher. That is, the high solvency value indicates the high risk of the company for the possibility of the company being unable to pay its debts. Solvability can usually be measured by the Debt to Assets Ratio (DAR).

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Solvability is important for a company because it allows the company to maintain its reputation and trust in creditors so that the company's opportunity to get a loan with a lighter interest rate will be easier to obtain.(Nurfitriani & Senjani, 2022).

Company Size

Company size by Rajaguk-guk et al., (2022)is the size of a company that can be shown from the total assets, the number of sales, the average level of sales and the average total assets.Rajaguk-guk et al., (2022)also explained that companies with a large scale can obtain loans and relatively greater growth compared to companies with a smaller scale of companies. This will affect the rate of return or stock return that can be generated by the company. Companies with a large scale will also generate greater stock returns when compared to companies that have a small scale.

Internal Auditing

The main task of internal audit is monitoring the internal control system(Jeppesen, 2019). Internal audit is an examination process carried out by internal auditors with the aim of evaluating the effectiveness, efficiency and compliance of a company with applicable policies, procedures and regulations.Nurfitriani & Senjani, (2022)explained that the function of internal audit is to increase the level of coordination and can also increase the contribution of internal audit in a company.

Audit Committee

Chairman of BAPEPAM Number: Kep-29/PM/2004 provides the definition that an audit committee is a committee deliberately formed by the board of commissioners which has the aim of assisting the board of commissioners in carrying out and maximizing their duties and responsibilities (Rajaguk-guk et al., 2022). From this explanation, it can be interpreted that the existence of an audit committee in a company has the aim of being an intermediary between the auditor and company management if in a case a dispute occurs. In addition to this, the formation of an audit committee in a company is expected to be able to monitor and control decisions made by management so that these decisions do not indicate a conflict of interest. The existence of an audit committee in a company is an important component because the task of the audit committee is to supervise external and internal auditors in the audit process

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(Nurfitriani & Senjani, 2022).

Public accounting firm

Public accounting firm accordingMaston & Sinaga, (2022)is a service company that assists in preparing financial reports for a company whose business entity has obtained a permit from the ministry of finance.Maston & Sinaga, (2022)states that a public accounting firm can provide independence guarantees to shareholders and users of a company's financial statements if the financial statements comply with generally accepted accounting regulations. In distinguishing public accounting firms,Maston & Sinaga, (2022)distinguishes public accounting firms into two groups, namely Big Four KAPs and non-Big Four KAPs which are classified based on the amount of income, which means that Big Four KAPs have greater income than non-Big Four KAPs.

Audit Opinion

Omar, (2020) explained that according to the Professional Standards of Public Accountants known as SPAP in section 10 explaining the purpose of an audit is to express an opinion regarding fairness in material terms, financial position, changes in equity, results of operations, cash flows are in accordance with accounting principles in Indonesia. An audit opinion is a report provided by a public accountant as a result of assessing the fairness of the financial statements provided to the company(Umar, 2020).

Company Age

Nugroho (2012) in quotesOmar, (2020)explained that the age of the company is the age determined from the inception of a company until the company continues to operate to maintain its viability. The longer the company has existed, the more visible the existence of the company in the business world so that disclosure is made to raise external party trust in the company's quality.

Covid-19 pandemic

The impact of the Covid 19 pandemic was not only felt by Indonesia, but all countries throughout the world were also affected. The impact of Covid 19 is not only felt in the health sector, but also in the financial sector, especially in the implementation of audit work.Meini & Wulandari, (2022)stated that covid -19 was almost in aggregate in various human activities,

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including financial reporting activities and the process of carrying out audit work.

The existence of social restrictions that have been determined by the government to suppress the spread of the corona virus has caused all business processes related to face-to-face processes to be abolished. This also has an impact on the auditor's work when carrying out the process of auditing the company's financial statements so that since the pandemic many processes have been carried out through the remote audit approach.(Meini & Wulandari, 2022).

Tenure audits

Audit tenure refers to the period of time the independent auditor is responsible for auditing the client.AN Hasanah & Putri, (2018) explained that audit tenure is the time period of the engagement between the auditor and the company as measured by counting the number of years of the agreement. The length of the tenure audit may reflect that the auditor is able to gain a more adequate understanding of the company's business processes and risks. However, a long tenure audit can also trigger a loss of auditor independence because a long tenure audit creates familiarity between the auditor and the client so that it becomes more difficult for the auditor to provide an audit opinion.(Munthe et al., 2022).

RESEARCH METHODS

This research is a qualitative research that uses the literature review method by utilizing reference sources from international and national books and journals related to audit delay research that have been published in 2022 so that this research can obtain relevant discussions from these studies. This research analyzes five international and national research journals that have been published in 2022 and makes an analysis contained in the discussion of these journals supported by other literary sources such as books, trusted sites, and so on

RESULTS OF RESEARCH AND DISCUSSION

Research conducted by Munthe et al., (2022) examines the effect of audit tenure, firm age, reputation of public accounting firms, auditor's relationship to audit delay. This research is a quantitative research using the financial reports of food industry companies that have been published on IDX in 2017 – 2019. To analyze the data that has been obtained, this study uses multiple linear regression analysis.

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The results of this study are that audit tenure has a negative effect on audit delay. These results indicate that if a company changes its engagement with a new auditor, then the company does not have an extended audit delay. Company age has a negative effect on audit delay. This explains that companies that have an older age or companies that have a longer company age tend to have lower audit delays. This can happen because companies that are old have experience in preparing the data and information needed by independent auditors so that the auditor does not need too much time to complete the audit report.

Auditor relationship has a positive effect on audit delay. This shows that the better the relationship between the auditor and the company, the higher the audit delay generated. This indicates that the independence of the auditor is not running optimally. The reputation of the public accounting firm has no effect on audit delay. This means that companies audited by big four and non-big four KAPs do not affect the length of audit delay in a company.

Research conducted byMeini & Nikmah, (2022) examines the effect of auditor opinion, auditor turnover, and auditor reputation on audit delay. This research is a quantitative research using secondary data types that use the financial reports of companies engaged in the manufacturing sector listed on the IDX from 2014-2019. Data management from this study uses partial least squares (PLS) using WrapLPS 7.0 software.

The results of this study are that the auditor's opinion has a negative effect on audit delay. This shows that obtaining an unqualified opinion on the audit process that has taken place in an organization can have an impact on lower audit delay. This is because the issuance of an unqualified opinion on a company reflects that the financial statements owned by a company are running well so that the auditor does not need an extended audit delay. Audit change has no effect on audit delay. The results of this study indicate that auditor changes that occur in a company cannot provide certainty if the process of submitting financial reports can run on time. This study also explains that auditor changes can occur because the company chooses to use the services of a higher quality auditor so that in the audit process an auditor does not take a long time to get to know the client's business and company risks. The result of the last research is that the auditor's reputation has a negative effect on audit delay. This shows that if the company uses big four KAPs or KAPs affiliated with the big four KAPs, it will affect the audit time delay or audit delay. This study explains that this can happen because The big four KAPs or KAPs affiliated with the big four KAPs will work more professionally and their auditors have obtained various research and experience in assignments when compared to non-big four KAPs.

Research conducted by Nurfitriani & Senjani, (2022) examines the effect of profitability, solvency, firm size, internal audit, and audit committee on audit delay. This research is a quantitative study using secondary data on the financial statements of manufacturing companies on the IDX from 2015-2019. The data analysis technique uses regression analysis using eviews v.10.

The result of this study is that profitability has a negative effect on audit delay. This shows that when profits are high, the company will immediately publish its financial reports so that investors immediately invest their capital. When the level of profitability is low, the auditor will carry out a more thorough audit process so that it takes longer. Solvability has no effect on audit delay. This shows that the amount of debt owned by the company has no effect on the audit completion process. Company size has a negative effect on audit delay. This is because companies with large sizes have good internal control systems so that errors that occur when preparing financial reports can be minimized and can make it easier for auditors to do their work. Internal audit has a negative effect on audit delay. This is because the existence of an internal auditor in a company can oversee the company's financial reporting process so that the possibility of financial manipulation can be reduced so that the independent auditor does not take a long time to complete the audit report. The audit committee has no influence on audit delay. This may reflect that the existence of an audit committee in a company aims only to comply with government regulations that require a company to have an audit committee.

Research conducted by Meini & Wulandari, (2022) examines the effect of profitability, KAP reputation, audit committee size, and the covid - 19 pandemic on audit delay. The research conducted is quantitative by using secondary data on financial reports and company annual reports in the property sector which are listed on IDX in 2016-2020.

The result of this study is that profitability has a negative effect on audit delay. This is because high profits are good information that encourages companies to immediately announce it to the public. But when the profit generated by the company is low, the opposite will happen and when the company's profitability is low, even minus, it will make the auditor to be more careful in the audit process because it has a higher risk so that the audit delay will be longer.KAP reputation has a positive influence on audit delay. This shows that non-big four

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KAPs or KAPs that are not affiliated with the big four KAPs provide the best service to their clients. This is done with the aim of maintaining its image in front of the public by looking at the level of audit delay caused. The big four or affiliated KAPs will have a longer audit delay because in carrying out the audit process it is carried out intensely and more carefully so as not to make a mistake so that the audit delay will last longer. The size of the audit committee has no effect on audit delay. This illustrates that the number of audit committees in a company does not affect audit delay. This indicates that the establishment of an audit committee in a company is only to comply with regulations but does not pay attention to the purpose of the existence of an audit committee so that the audit committee is less able to provide maximum contribution. The Covid – 19 pandemic has a positive effect on audit delay. This can happen because the covid – 19 pandemic has caused a change in the audit approach so that it has an impact on the audit completion process. This is because the auditor needs more time to carry out audit procedures but still has to follow the provisions in the SPAP so that the audit delay occurs longer. This can happen because the covid – 19 pandemic has caused a change in the audit approach so that it has an impact on the audit completion process. This is because the auditor needs more time to carry out audit procedures but still has to follow the provisions in the SPAP so that the audit delay occurs longer. This can happen because the covid – 19 pandemic has caused a change in the audit approach so that it has an impact on the audit completion process. This is because the auditor needs more time to carry out audit procedures but still has to follow the provisions in the SPAP so that the audit delay occurs longer.

Research conducted byMaston & Sinaga, (2022) examines the solvency, profitability, and size of KAP on audit delay. The data analysis used to process the data in this study is linear regression analysis. This research is a quantitative research using secondary data from the banking sector registered on IDX in 2017-2019.

The result of this study is that profitability has a negative effect on audit delay. Solvitability has no effect on audit delay. KAP size has a negative effect on audit delay.

CONCLUSIONS AND ADVICE

From the discussion of the research that the authors have conducted regarding the analysis of the determinants of audit delay, a conclusion can be drawn that from the literature review conducted by the researcher, it shows that there are many factors that influence audit delay, namely; audit tenure, company age, auditor relations, audit opinion, public accounting firm reputation, profitability, solvency, internal audit and the covid – 19 pandemic. Meanwhile, there are several variables that consistently do not affect audit delay, namely the audit committee in a company. For further research, you can conduct research that examines the audit committee on audit delay by adding variables that allow it to become moderating or mediating variables or adding other variables that affect audit delay.

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